

By: _____ .B. No. _____

Substitute the following for .B. No. _____:

By: _____ C.S..B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to public school finance and public education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. PUBLIC SCHOOL FINANCE

SECTION 1.001. Section 12.106, Education Code, is amended by amending Subsections (a), (a-1), and (a-2) and adding Subsections (a-3) and (a-4) to read as follows:

(a) A charter holder is entitled to receive for the open-enrollment charter school funding under Chapter 48 [~~42~~] equal to the amount of funding per student in weighted average daily attendance, excluding the adjustment under Section 48.052, the allotments under Sections 48.101, 48.109, 48.110, 48.111, and 48.112, and enrichment funding under Section 48.202(a) [~~42.302(a)~~], to which the charter holder would be entitled for the school under Chapter 48 [~~42~~] if the school were a school district without a tier one local share for purposes of Section 48.266 [~~42.253~~].

(a-1) In addition to the funding provided by Subsection (a), a charter holder is entitled to receive for the open-enrollment charter school an allotment per student in average daily attendance in an amount equal to the product of:

(1) the quotient of:

(A) the total amount of funding provided to eligible school districts under Section 48.101; and

1 (B) the total number of students in average daily
2 attendance in school districts that receive an allotment under
3 Section 48.101; and

4 (2) the sum of one and the quotient of:

5 (A) the total number of students in average daily
6 attendance in school districts that receive an allotment under
7 Section 48.101; and

8 (B) the total number of students in average daily
9 attendance in school districts statewide. [In determining funding
10 for an open-enrollment charter school under Subsection (a):

11 ~~[(1) adjustments under Sections 42.102, 42.104, and~~
12 ~~42.105 are based on the average adjustment for the state; and~~

13 ~~[(2) the adjustment under Section 42.103 is based on~~
14 ~~the average adjustment for the state that would have been provided~~
15 ~~under that section as it existed on January 1, 2018.]~~

16 (a-2) In addition to the funding provided by Subsections
17 ~~[Subsection]~~ (a) and (a-1), a charter holder is entitled to receive
18 for the open-enrollment charter school enrichment funding under
19 Section 48.202 ~~[42.302]~~ based on the state average tax effort.

20 (a-3) In addition to the funding provided by Subsections
21 (a), (a-1), and (a-2), a charter holder is entitled to receive
22 funding for the open-enrollment charter school under Sections
23 48.109, 48.110, and 48.112 and Subchapter D, Chapter 48, if the
24 charter holder would be entitled to the funding if the school were a
25 school district.

26 (a-4) In addition to the funding provided by Subsections
27 (a), (a-1), (a-2), and (a-3), for an open-enrollment charter school

1 that does not receive an allotment under Section 48.051, a charter
2 holder is entitled to receive for the school an allotment under
3 Section 48.101 for each student in average daily attendance based
4 on the number of students in average daily attendance for which the
5 school receives an allotment under Section 48.102.

6 SECTION 1.002. Section 13.054, Education Code, is amended
7 by adding Subsection (f-1) to read as follows:

8 (f-1) Notwithstanding Subsection (f), for the 2019-2020 and
9 2020-2021 school years, for a district receiving additional funding
10 under Subsection (f) for an annexation that occurred before
11 September 1, 2019, the value for the fraction under Subsection (f)
12 shall be substituted with the value that is equal to the fraction
13 determined under that subsection multiplied by the state
14 compression percentage, as determined under Section 48.255. This
15 subsection expires September 1, 2021.

16 SECTION 1.003. Section 25.084, Education Code, is amended
17 by amending Subsection (b) and adding Subsection (c) to read as
18 follows:

19 (b) Except as provided by Subsection (c), the [The]
20 operation of schools year-round by a district does not affect the
21 amount of state funds to which the district is entitled under
22 Chapter 48 [42].

23 (c) A district that adopts a year-round system under this
24 section may receive the incentive aid under Section 48.0051 if the
25 district meets the criteria for receiving the incentive under that
26 section.

27 SECTION 1.004. Section 30.003, Education Code, is amended

1 by amending Subsection (f-1) and adding Subsection (f-2) to read as
2 follows:

3 (f-1) The commissioner shall determine the total amount
4 that the Texas School for the Blind and Visually Impaired and the
5 Texas School for the Deaf would have received from school districts
6 in accordance with this section if the following provisions had not
7 reduced the districts' share of the cost of providing education
8 services:

9 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
10 Called Session, 2006;

11 (2) Section 45.0032; and

12 (3) Section 48.255.

13 (f-2) The amount determined under Subsection (f-1), [had
14 not reduced the districts' share of the cost of providing education
15 services. That amount, minus any amount the schools do receive
16 from school districts, shall be set aside as a separate account in
17 the foundation school fund and appropriated to those schools for
18 educational purposes.

19 SECTION 1.005. Section 44.004, Education Code, is amended
20 by amending Subsections (c) and (e) and adding Subsection (c-2) to
21 read as follows:

22 (c) The notice of public meeting to discuss and adopt the
23 budget and the proposed tax rate may not be smaller than one-quarter
24 page of a standard-size or a tabloid-size newspaper, and the
25 headline on the notice must be in 18-point or larger type. Subject
26 to Subsection (d), the notice must:

27 (1) contain a statement in the following form:

1 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

2 "The (name of school district) will hold a public meeting at
3 (time, date, year) in (name of room, building, physical location,
4 city, state). The purpose of this meeting is to discuss the school
5 district's budget that will determine the tax rate that will be
6 adopted. Public participation in the discussion is invited." The
7 statement of the purpose of the meeting must be in bold type. In
8 reduced type, the notice must state: "The tax rate that is
9 ultimately adopted at this meeting or at a separate meeting at a
10 later date may not exceed the proposed rate shown below unless the
11 district publishes a revised notice containing the same information
12 and comparisons set out below and holds another public meeting to
13 discuss the revised notice.";

14 (2) contain a section entitled "Comparison of Proposed
15 Budget with Last Year's Budget," which must show the difference,
16 expressed as a percent increase or decrease, as applicable, in the
17 amounts budgeted for the preceding fiscal year and the amount
18 budgeted for the fiscal year that begins in the current tax year for
19 each of the following:

20 (A) maintenance and operations;

21 (B) debt service; and

22 (C) total expenditures;

23 (3) contain a section entitled "Total Appraised Value
24 and Total Taxable Value," which must show the total appraised value
25 and the total taxable value of all property and the total appraised
26 value and the total taxable value of new property taxable by the
27 district in the preceding tax year and the current tax year as

1 calculated under Section 26.04, Tax Code;

2 (4) contain a statement of the total amount of the
3 outstanding and unpaid bonded indebtedness of the school district;

4 (5) contain a section entitled "Comparison of Proposed
5 Rates with Last Year's Rates," which must:

6 (A) show in rows the tax rates described by
7 Subparagraphs (i)-(iii), expressed as amounts per \$100 valuation of
8 property, for columns entitled "Maintenance & Operations,"
9 "Interest & Sinking Fund," and "Total," which is the sum of
10 "Maintenance & Operations" and "Interest & Sinking Fund":

11 (i) the school district's "Last Year's
12 Rate";

13 (ii) the "Rate to Maintain Same Level of
14 Maintenance & Operations Revenue & Pay Debt Service," which:

15 (a) in the case of "Maintenance &
16 Operations," is the tax rate that, when applied to the current
17 taxable value for the district, as certified by the chief appraiser
18 under Section 26.01, Tax Code, and as adjusted to reflect changes
19 made by the chief appraiser as of the time the notice is prepared,
20 would impose taxes in an amount that, when added to state funds to
21 be distributed to the district under Chapter 48 [~~42~~], would provide
22 the same amount of maintenance and operations taxes and state funds
23 distributed under Chapter 48 [~~42~~] per student in average daily
24 attendance for the applicable school year that was available to the
25 district in the preceding school year; and

26 (b) in the case of "Interest & Sinking
27 Fund," is the tax rate that, when applied to the current taxable

1 value for the district, as certified by the chief appraiser under
2 Section 26.01, Tax Code, and as adjusted to reflect changes made by
3 the chief appraiser as of the time the notice is prepared, and when
4 multiplied by the district's anticipated collection rate, would
5 impose taxes in an amount that, when added to state funds to be
6 distributed to the district under Chapter 46 and any excess taxes
7 collected to service the district's debt during the preceding tax
8 year but not used for that purpose during that year, would provide
9 the amount required to service the district's debt; and

10 (iii) the "Proposed Rate";

11 (B) contain fourth and fifth columns aligned with
12 the columns required by Paragraph (A) that show, for each row
13 required by Paragraph (A):

14 (i) the "Local Revenue per Student," which
15 is computed by multiplying the district's total taxable value of
16 property, as certified by the chief appraiser for the applicable
17 school year under Section 26.01, Tax Code, and as adjusted to
18 reflect changes made by the chief appraiser as of the time the
19 notice is prepared, by the total tax rate, and dividing the product
20 by the number of students in average daily attendance in the
21 district for the applicable school year; and

22 (ii) the "State Revenue per Student," which
23 is computed by determining the amount of state aid received or to be
24 received by the district under Chapters ~~[42,]~~ 43, ~~[and]~~ 46, and 48
25 and dividing that amount by the number of students in average daily
26 attendance in the district for the applicable school year; and

27 (C) contain an asterisk after each calculation

1 for "Interest & Sinking Fund" and a footnote to the section that, in
2 reduced type, states "The Interest & Sinking Fund tax revenue is
3 used to pay for bonded indebtedness on construction, equipment, or
4 both. The bonds, and the tax rate necessary to pay those bonds, were
5 approved by the voters of this district.";

6 (6) contain a section entitled "Comparison of Proposed
7 Levy with Last Year's Levy on Average Residence," which must:

8 (A) show in rows the information described by
9 Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns
10 entitled "Last Year" and "This Year":

11 (i) "Average Market Value of Residences,"
12 determined using the same group of residences for each year;

13 (ii) "Average Taxable Value of Residences,"
14 determined after taking into account the limitation on the
15 appraised value of residences under Section 23.23, Tax Code, and
16 after subtracting all homestead exemptions applicable in each year,
17 other than exemptions available only to disabled persons or persons
18 65 years of age or older or their surviving spouses, and using the
19 same group of residences for each year;

20 (iii) "Last Year's Rate Versus Proposed
21 Rate per \$100 Value"; and

22 (iv) "Taxes Due on Average Residence,"
23 determined using the same group of residences for each year; and

24 (B) contain the following information: "Increase
25 (Decrease) in Taxes" expressed in dollars and cents, which is
26 computed by subtracting the "Taxes Due on Average Residence" for
27 the preceding tax year from the "Taxes Due on Average Residence" for

1 the current tax year;

2 (7) contain the following statement in bold print:
3 "Under state law, the dollar amount of school taxes imposed on the
4 residence of a person 65 years of age or older or of the surviving
5 spouse of such a person, if the surviving spouse was 55 years of age
6 or older when the person died, may not be increased above the amount
7 paid in the first year after the person turned 65, regardless of
8 changes in tax rate or property value.";

9 (8) contain the following statement in bold print:
10 "Notice of Rollback Rate: The highest tax rate the district can
11 adopt before requiring voter approval at an election is (the school
12 district rollback rate determined under Section 26.08, Tax Code).
13 This election will be automatically held if the district adopts a
14 rate in excess of the rollback rate of (the school district rollback
15 rate)."; and

16 (9) contain a section entitled "Fund Balances," which
17 must include the estimated amount of interest and sinking fund
18 balances and the estimated amount of maintenance and operation or
19 general fund balances remaining at the end of the current fiscal
20 year that are not encumbered with or by corresponding debt
21 obligation, less estimated funds necessary for the operation of the
22 district before the receipt of the first payment under Chapter 48
23 [~~42~~] in the succeeding school year.

24 (c-2) The notice described by Subsection (c) must include a
25 statement that a school district may not increase the district's
26 maintenance and operations tax rate to create a surplus in
27 maintenance and operations tax revenue for the purpose of paying

1 the district's debt service.

2 (e) A person who owns taxable property in a school district
3 is entitled to an injunction restraining the collection of taxes by
4 the district if the district has not complied with the requirements
5 of Subsections (b), (c), (c-1), (c-2), and (d), and, if applicable,
6 Subsection (i), and the failure to comply was not in good faith. An
7 action to enjoin the collection of taxes must be filed before the
8 date the ~~[school]~~ district delivers substantially all of its tax
9 bills.

10 SECTION 1.006. Subchapter A, Chapter 45, Education Code, is
11 amended by adding Section 45.0021 to read as follows:

12 Sec. 45.0021. RESTRICTION ON MAINTENANCE TAX LEVY. (a) A
13 school district may not increase the rate of the district's
14 maintenance taxes described by Section 45.002 to create a surplus
15 in maintenance tax revenue for the purpose of paying the district's
16 debt service.

17 (b) A person who owns taxable property in a school district
18 is entitled to an injunction restraining the collection of taxes by
19 the district if the district adopts a maintenance tax rate in
20 violation of Subsection (a). An action to enjoin the collection of
21 taxes must be filed before the date the district delivers
22 substantially all of the district's tax bills.

23 SECTION 1.007. Section 45.003, Education Code, is amended
24 by adding Subsections (b-1), (d-1), (d-2), and (d-3) and amending
25 Subsections (d) and (f) to read as follows:

26 (b-1) The ballot proposition under Subsection (b) must
27 include the following statement: "THIS IS A PROPERTY TAX INCREASE."

1 (d) A proposition submitted to authorize the levy of
2 maintenance taxes must include the question of whether the
3 governing board or commissioners court may levy, assess, and
4 collect annual ad valorem taxes for the further maintenance of
5 public schools, at a rate not to exceed the rate stated in the
6 proposition. For any year, the maintenance tax rate per \$100 of
7 taxable value adopted by the district may not exceed the rate equal
8 to the sum of \$0.17 and ~~[the product of]~~ the state compression
9 percentage, as determined under Section 48.255 ~~[42.2516,~~
10 ~~multiplied by \$1.50]~~.

11 (d-1) Except as provided by Subsection (d-2) or Section
12 26.08(a-1), Tax Code, a school district may not adopt a maintenance
13 and operations tax rate for the 2019 tax year that exceeds the tax
14 rate that results after adjusting the district's 2018 tax rate in
15 accordance with Sections 45.0032, 48.202, and 48.255.

16 (d-2) A school district that, before January 1, 2019,
17 adopted a strategic plan through action taken by the board of
18 trustees of the school district during a public meeting that
19 proposed a maintenance and operations tax rate for the 2019 tax year
20 that exceeds the rate permitted under Subsection (d-1) may, subject
21 to voter approval, adopt a rate that is equal to the sum of the rate
22 permitted under Subsection (d-1) and one-half the difference
23 between the maximum rate permitted under Section 45.003, as that
24 section existed during the 2018 tax year, and the district's
25 adopted tax rate for the 2018 tax year.

26 (d-3) Subsections (d-1) and (d-2) and this subsection
27 expire September 1, 2020.

(f) Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law may not levy a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of:

(1) \$0.17; and

(2) the product of 66.67 percent [~~the state compression percentage, as determined under Section 42.2516,~~] multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year, minus the amount by which \$1.00 exceeds the state compression percentage, as determined under Section 48.255.

SECTION 1.008. Subchapter A, Chapter 45, Education Code, is amended by adding Section 45.0032 to read as follows:

Sec. 45.0032. COMPONENTS OF MAINTENANCE AND OPERATIONS TAX.

(a) A school district's tier one maintenance and operations tax rate is the number of cents levied by the district for maintenance and operations that does not exceed the product of the state compression percentage, as determined under Section 48.255, multiplied by \$1.00.

(b) A district's enrichment tax rate consists of:

(1) any cents of additional maintenance and operations tax effort, not to exceed six cents over the maximum tax rate described by Subsection (a); and

(2) any cents of additional maintenance and operations tax effort that exceeds the sum of the maximum tax rate described by Subsection (a) and the maximum number of cents permitted under Subdivision (1).

1 (c) For a district to which Section 45.003(f) applies, any
2 cents of maintenance and operations tax effort that exceeds the
3 maximum rate permitted under Section 45.003(d) are not included in
4 the district's tier one maintenance and operations tax rate under
5 Subsection (a) or the district's enrichment tax rate under
6 Subsection (b), and the district is not entitled to the guaranteed
7 yield amount of state funds under Section 48.202 for those cents of
8 tax effort.

9 (d) For a district to which Section 26.08(a-1), Tax Code,
10 applies, the amount by which the district's maintenance tax rate
11 exceeds the district's rollback tax rate for the preceding year is
12 not considered in determining a district's tier one maintenance and
13 operations tax rate under Subsection (a) or the district's
14 enrichment tax rate under Subsection (b) for the current tax year.

15 SECTION 1.009. Subtitle I, Title 2, Education Code, is
16 amended by adding Chapter 48, and a heading is added to that chapter
17 to read as follows:

18 CHAPTER 48. FOUNDATION SCHOOL PROGRAM

19 SECTION 1.010. Chapter 48, Education Code, as added by this
20 Act, is amended by adding Subchapter A, and a heading is added to
21 that subchapter to read as follows:

22 SUBCHAPTER A. GENERAL PROVISIONS

23 SECTION 1.011. Sections 42.001, 42.002, 42.003, 42.004, and
24 42.005, Education Code, are transferred to Subchapter A, Chapter
25 48, Education Code, as added by this Act, redesignated as Sections
26 48.001, 48.002, 48.003, 48.004, and 48.005, Education Code, and
27 amended to read as follows:

1 Sec. 48.001 [~~42.001~~]. STATE POLICY. (a) It is the policy
2 of this state that the provision of public education is a state
3 responsibility and that a thorough and efficient system be provided
4 and substantially financed through state revenue sources so that
5 each student enrolled in the public school system shall have access
6 to programs and services that are appropriate to the student's
7 educational needs and that are substantially equal to those
8 available to any similar student, notwithstanding varying local
9 economic factors.

10 (b) The public school finance system of this state shall
11 adhere to a standard of neutrality that provides for substantially
12 equal access to similar revenue per student at similar tax effort,
13 considering all state and local tax revenues of districts after
14 acknowledging all legitimate student and district cost
15 differences.

16 Sec. 48.002 [~~42.002~~]. PURPOSES OF FOUNDATION SCHOOL
17 PROGRAM. (a) The purposes of the Foundation School Program set
18 forth in this chapter are to guarantee that each school district in
19 the state has:

20 (1) adequate resources to provide each eligible
21 student a basic instructional program and facilities suitable to
22 the student's educational needs; and

23 (2) access to a substantially equalized program of
24 financing in excess of basic costs for certain services, as
25 provided by this chapter.

26 (b) The Foundation School Program consists of:

27 (1) two tiers that in combination provide for:

1 (A) sufficient financing for all school
2 districts to provide a basic program of education that is rated
3 acceptable or higher under Section 39.054 and meets other
4 applicable legal standards; and

5 (B) substantially equal access to funds to
6 provide an enriched program; and

7 (2) a facilities component as provided by Chapter 46.

8 Sec. 48.003 [~~42.003~~]. STUDENT ELIGIBILITY. (a) A
9 student is entitled to the benefits of the Foundation School
10 Program if, on September 1 of the school year, the student:

11 (1) is 5 years of age or older and under 21 years of age
12 and has not graduated from high school, or is at least 21 years of
13 age and under 26 years of age and has been admitted by a school
14 district to complete the requirements for a high school diploma; or

15 (2) is at least 19 years of age and under 26 years of
16 age and is enrolled in an adult high school diploma and industry
17 certification charter school pilot program under Section 29.259.

18 (b) A student to whom Subsection (a) does not apply is
19 entitled to the benefits of the Foundation School Program if the
20 student is enrolled in a prekindergarten class under Section 29.153
21 [~~or Subchapter E-1, Chapter 29~~].

22 (c) A child may be enrolled in the first grade if the child
23 is at least six years of age at the beginning of the school year of
24 the district or has been enrolled in the first grade or has
25 completed kindergarten in the public schools in another state
26 before transferring to a public school in this state.

27 (d) Notwithstanding Subsection (a), a student younger than

1 five years of age is entitled to the benefits of the Foundation
2 School Program if:

3 (1) the student performs satisfactorily on the
4 assessment instrument administered under Section 39.023(a) to
5 students in the third grade; and

6 (2) the district has adopted a policy for admitting
7 students younger than five years of age.

8 Sec. 48.004 [~~42.004~~]. ADMINISTRATION OF THE PROGRAM. (a)
9 The commissioner[~~, in accordance with the rules of the State Board~~
10 ~~of Education,~~] shall adopt rules and take [~~such~~] action and require
11 [~~such~~] reports consistent with this chapter as [~~may be~~] necessary
12 to implement and administer the Foundation School Program.

13 (b) A decision made by the commissioner under this chapter
14 is final and may not be appealed.

15 Sec. 48.005 [~~42.005~~]. AVERAGE DAILY ATTENDANCE. (a) In
16 this chapter, average daily attendance is:

17 (1) the quotient of the sum of attendance for each day
18 of the minimum number of days of instruction as described under
19 Section 25.081(a) divided by the minimum number of days of
20 instruction;

21 (2) for a district that operates under a flexible year
22 program under Section 29.0821, the quotient of the sum of
23 attendance for each actual day of instruction as permitted by
24 Section 29.0821(b)(1) divided by the number of actual days of
25 instruction as permitted by Section 29.0821(b)(1);

26 (3) for a district that operates under a flexible
27 school day program under Section 29.0822, the average daily

1 attendance as calculated by the commissioner in accordance with
2 Sections 29.0822(d) and (d-1); or

3 (4) for a district that operates a half-day program or
4 a full-day program under Section 29.153(c), one-half of the average
5 daily attendance calculated under Subdivision (1).

6 (b) A school district that experiences a decline of two
7 percent or more in average daily attendance shall be funded on the
8 basis of:

9 (1) the actual average daily attendance of the
10 preceding school year, if the decline is the result of the closing
11 or reduction in personnel of a military base; or

12 (2) subject to Subsection (e), an average daily
13 attendance not to exceed 98 percent of the actual average daily
14 attendance of the preceding school year, if the decline is not the
15 result of the closing or reduction in personnel of a military base.

16 (c) The commissioner shall adjust the average daily
17 attendance of a school district that has a significant percentage
18 of students who are migratory children as defined by 20 U.S.C.
19 Section 6399.

20 (d) The commissioner may adjust the average daily
21 attendance of a school district in which a disaster, flood, extreme
22 weather condition, fuel curtailment, or other calamity has a
23 significant effect on the district's attendance.

24 (e) For each school year, the commissioner shall adjust the
25 average daily attendance of school districts that are entitled to
26 funding on the basis of an adjusted average daily attendance under
27 Subsection (b)(2) so that:

1 (1) all districts are funded on the basis of the same
2 percentage of the preceding year's actual average daily attendance;
3 and

4 (2) the total cost to the state does not exceed the
5 amount specifically appropriated for that year for purposes of
6 Subsection (b)(2).

7 (f) An open-enrollment charter school is not entitled to
8 funding based on an adjustment under Subsection (b)(2).

9 (g) If a student may receive course credit toward the
10 student's high school academic requirements and toward the
11 student's higher education academic requirements for a single
12 course, including a course provided under Section 28.009 by a
13 public institution of higher education, the time during which the
14 student attends the course shall be counted as part of the minimum
15 number of instructional hours required for a student to be
16 considered a full-time student in average daily attendance for
17 purposes of this section.

18 (g-1) The commissioner shall adopt rules to calculate
19 average daily attendance for students participating in a blended
20 learning program in which classroom instruction is supplemented
21 with applied workforce learning opportunities, including
22 participation of students in internships, externships, and
23 apprenticeships.

24 (h) Subject to rules adopted by the commissioner under
25 Section 48.007(b) [~~42.0052(b)~~], time that a student participates in
26 an off-campus instructional program approved under Section
27 48.007(a) [~~42.0052(a)~~] shall be counted as part of the minimum

1 number of instructional hours required for a student to be
2 considered a full-time student in average daily attendance for
3 purposes of this section.

4 (i) A district or a charter school operating under Chapter
5 12 that operates a prekindergarten program is eligible to receive
6 one-half of average daily attendance under Subsection (a) if the
7 district's or charter school's prekindergarten program provides at
8 least 32,400 minutes of instructional time to students.

9 (j) A district or charter school is eligible to earn full
10 average daily attendance under Subsection (a) if the district or
11 school provides at least 43,200 minutes of instructional time to
12 students enrolled in:

13 (1) a dropout recovery school or program operating
14 under Section 12.1141(c) or Section 39.0548;

15 (2) an alternative education program operating under
16 Section 37.008;

17 (3) a school program located at a day treatment
18 facility, residential treatment facility, psychiatric hospital, or
19 medical hospital;

20 (4) a school program offered at a correctional
21 facility; or

22 (5) a school operating under Section 29.259.

23 (k) A charter school operating under a charter granted under
24 Chapter 12 before January 1, 2015, is eligible to earn full average
25 daily attendance under Subsection (a), as that subsection existed
26 immediately before January 1, 2015, for:

27 (1) all campuses of the charter school operating

1 before January 1, 2015; and

2 (2) any campus or site expansion approved on or after
3 January 1, 2015, provided that the charter school received an
4 academic accountability performance rating of C or higher, and the
5 campus or site expansion is approved by the commissioner.

6 (1) A school district campus or charter school described by
7 Subsection (j) may operate more than one program and be eligible for
8 full average daily attendance for each program if the programs
9 operated by the district campus or charter school satisfy all
10 applicable state and federal requirements.

11 (m) The commissioner shall adopt rules necessary to
12 implement this section, including rules that:

13 (1) establish the minimum amount of instructional time
14 per day that allows a school district or charter school to be
15 eligible for full average daily attendance, which may differ based
16 on the instructional program offered by the district or charter
17 school;

18 (2) establish the requirements necessary for a school
19 district or charter school to be eligible for one-half of average
20 daily attendance, which may differ based on the instructional
21 program offered by the district or charter school; and

22 (3) proportionally reduce the average daily
23 attendance for a school district if any campus or instructional
24 program in the district provides fewer than the required minimum
25 minutes of instruction to students.

26 (n) To assist school districts in implementing this section
27 as amended by H.B. 2442, Acts of the 85th Legislature, Regular

1 Session, 2017, [~~or similar legislation,~~] the commissioner may waive
2 a requirement of this section or adopt rules to implement this
3 section. [~~This subsection expires at the end of the 2018-2019~~
4 ~~school year.~~]

5 SECTION 1.012. Subchapter A, Chapter 48, Education Code, as
6 added by this Act, is amended by adding Section 48.0051 to read as
7 follows:

8 Sec. 48.0051. INCENTIVE FOR ADDITIONAL INSTRUCTIONAL DAYS.

9 (a) Subject to Subsection (a-1), the commissioner shall adjust the
10 average daily attendance of a school district or open-enrollment
11 charter school under Section 48.005 in the manner provided by
12 Subsection (b) if the district or school:

13 (1) provides the minimum number of minutes of
14 operational and instructional time required under Section 25.081
15 and commissioner rules adopted under that section over at least 180
16 days of instruction; and

17 (2) offers an additional 30 days of half-day
18 instruction for students who are educationally disadvantaged and
19 enrolled in prekindergarten through fifth grade.

20 (a-1) A school district that receives funding under Section
21 48.252 may not receive an incentive under this section.

22 (b) For a school district or open-enrollment charter school
23 described by Subsection (a), the commissioner shall increase the
24 average daily attendance of the district or school under Section
25 48.005 by the amount that results from the quotient of the sum of
26 attendance by students described by Subsection (a)(2) for each of
27 the 30 additional instructional days of half-day instruction that

1 are provided divided by 180.

2 (c) The commissioner may provide the incentive under this
3 section to a school district or open-enrollment charter school that
4 intended, but due to circumstances beyond the district's or
5 school's control, including the occurrence of a natural disaster
6 affecting the district or school, was unable to meet the
7 requirement for instruction under Section 25.081 plus an additional
8 30 days of half-day instruction. The commissioner may
9 proportionately reduce the incentive provided to a district or
10 school described by this subsection.

11 (d) This section does not prohibit a school district from
12 providing the minimum number of minutes of operational and
13 instructional time required under Section 25.081 and commissioner
14 rules adopted under that section over fewer than 180 days of
15 instruction.

16 (e) The agency shall assist school districts and
17 open-enrollment charter schools in qualifying for the incentive
18 under this section.

19 (f) The commissioner shall adopt rules necessary for the
20 implementation of this section.

21 SECTION 1.013. Sections 42.0051 and 42.0052, Education
22 Code, are transferred to Subchapter A, Chapter 48, Education Code,
23 as added by this Act, redesignated as Sections 48.006 and 48.007,
24 Education Code, and amended to read as follows:

25 Sec. 48.006 [~~42.0051~~]. AVERAGE DAILY ATTENDANCE FOR
26 DISTRICTS IN DISASTER AREA. (a) From funds specifically
27 appropriated for the purpose or other funds available to the

1 commissioner for that purpose, the commissioner shall adjust the
2 average daily attendance of a school district all or part of which
3 is located in an area declared a disaster area by the governor under
4 Chapter 418, Government Code, if the district experiences a decline
5 in average daily attendance that is reasonably attributable to the
6 impact of the disaster.

7 (b) The adjustment must be sufficient to ensure that the
8 district receives funding comparable to the funding that the
9 district would have received if the decline in average daily
10 attendance reasonably attributable to the impact of the disaster
11 had not occurred.

12 (c) The commissioner shall make the adjustment required by
13 this section for the two-year period following the date of the
14 governor's initial proclamation or executive order declaring the
15 state of disaster.

16 (d) Section 48.005(b)(2) [~~42.005(b)(2)~~] does not apply to a
17 district that receives an adjustment under this section.

18 (e) A district that receives an adjustment under this
19 section may not receive any additional adjustment under Section
20 48.005(d) [~~42.005(d)~~] for the decline in average daily attendance
21 on which the adjustment under this section is based.

22 (f) For purposes of this title, a district's adjusted
23 average daily attendance under this section is considered to be the
24 district's average daily attendance as determined under Section
25 48.005 [~~42.005~~].

26 Sec. 48.007 [~~42.0052~~]. OFF-CAMPUS PROGRAMS APPROVED FOR
27 PURPOSES OF AVERAGE DAILY ATTENDANCE. (a) The commissioner may,

1 based on criteria developed by the commissioner, approve
2 instructional programs provided off campus by an entity other than
3 a school district or open-enrollment charter school as a program in
4 which participation by a student of a district or charter school may
5 be counted for purposes of determining average daily attendance in
6 accordance with Section 48.005(h) [~~42.005(h)~~].

7 (b) The commissioner shall adopt by rule verification and
8 reporting procedures concerning time spent by students
9 participating in instructional programs approved under Subsection
10 (a).

11 SECTION 1.014. Sections 42.006(a), (b), (c), and (d),
12 Education Code, are transferred to Subchapter A, Chapter 48,
13 Education Code, as added by this Act, redesignated as Section
14 48.008, Education Code, and amended to read as follows:

15 Sec. 48.008. PUBLIC EDUCATION INFORMATION MANAGEMENT
16 SYSTEM (PEIMS). (a) Each school district shall participate in the
17 Public Education Information Management System (PEIMS) and shall
18 provide through that system information required for the
19 administration of this chapter and of other appropriate provisions
20 of this code.

21 (b) Each school district shall use a uniform accounting
22 system adopted by the commissioner for the data required to be
23 reported for the Public Education Information Management System.

24 (c) Annually, the commissioner shall review the Public
25 Education Information Management System and shall repeal or amend
26 rules that require school districts to provide information through
27 the Public Education Information Management System that is not

1 necessary. In reviewing and revising the Public Education
2 Information Management System, the commissioner shall develop
3 rules to ensure that the system:

4 (1) provides useful, accurate, and timely information
5 on student demographics and academic performance, personnel, and
6 school district finances;

7 (2) contains only the data necessary for the
8 legislature and the agency to perform their legally authorized
9 functions in overseeing the public education system; and

10 (3) does not contain any information related to
11 instructional methods, except as provided by Section 29.066 or
12 required by federal law.

13 (d) The commissioner's rules must ensure that the Public
14 Education Information Management System links student performance
15 data to other related information for purposes of efficient and
16 effective allocation of scarce school resources, to the extent
17 practicable using existing agency resources and appropriations.

18 SECTION 1.015. Sections 42.006(a-1), (a-3), and (a-4),
19 Education Code, Section 42.006(a-2), Education Code, as added by
20 Chapter 550 (S.B. 490), Acts of the 85th Legislature, Regular
21 Session, 2017, and Section 42.006(a-2), as added by Chapter 916
22 (S.B. 1404), Acts of the 85th Legislature, Regular Session, 2017,
23 are transferred to Subchapter A, Chapter 48, Education Code, as
24 added by this Act, redesignated as Section 48.009, Education Code,
25 and amended to read as follows:

26 Sec. 48.009. REQUIRED PEIMS REPORTING. (a) In this
27 section, "full-time equivalent school counselor" means 40 hours of

1 counseling services a week.

2 **(b)** ~~[(a-1)]~~ The commissioner by rule shall require each
3 school district and open-enrollment charter school to report
4 through the Public Education Information Management System
5 information regarding:

6 **(1)** the number of students enrolled in the district or
7 school who are identified as having dyslexia;

8 **(2)** ~~[-. The agency shall maintain the information~~
9 ~~provided in accordance with this subsection.~~

10 ~~[(a-2) The commissioner by rule shall require each school~~
11 ~~district and open-enrollment charter school to report through the~~
12 ~~Public Education Information Management System information~~
13 ~~regarding]~~ the availability of school counselors, including ~~[at~~
14 ~~each campus. The commissioner's rules shall require a district or~~
15 ~~school to report]~~ the number of full-time equivalent school
16 counselors, [providing counseling services] at each ~~[a]~~ campus;

17 **(3)** ~~[-. For purposes of this subsection, "full-time~~
18 ~~equivalent school counselor" means 40 hours of counseling services~~
19 ~~a week. The agency shall maintain the information provided in~~
20 ~~accordance with this subsection.~~

21 ~~[(a-2) The commissioner by rule shall require each school~~
22 ~~district and open-enrollment charter school to report through the~~
23 ~~Public Education Information Management System information for~~
24 ~~each campus of the district or school regarding:~~

25 ~~[(1)]~~ the availability of expanded learning
26 opportunities as described by Section 33.252 at each campus; ~~[and]~~

27 **(4)** ~~[(2) the number of students participating in each~~

1 ~~of the categories of expanded learning opportunities listed under~~
2 ~~Section 33.252(b).~~

3 ~~[(a-3) The commissioner by rule shall require each school~~
4 ~~district and open-enrollment charter school to annually report~~
5 ~~through the Public Education Information Management System~~
6 ~~information regarding]~~ the total number of students, other than
7 students described by Subdivision (5) ~~[Subsection (a-4)]~~, enrolled
8 in the district or school with whom the district or school, as
9 applicable, used intervention strategies, as that term is defined
10 by Section 26.004, at any time during the year for which the report
11 is made; and

12 (5) ~~[. The agency shall maintain the information~~
13 ~~provided in accordance with this subsection.~~

14 ~~[(a-4) The commissioner by rule shall require each school~~
15 ~~district and open-enrollment charter school to annually report~~
16 ~~through the Public Education Information Management System~~
17 ~~information regarding]~~ the total number of students enrolled in the
18 district or school to whom the district or school provided aids,
19 accommodations, or services under Section 504, Rehabilitation Act
20 of 1973 (29 U.S.C. Section 794), at any time during the year for
21 which the report is made.

22 (c) The agency shall maintain the information provided in
23 accordance with this section ~~[subsection]~~.

24 SECTION 1.016. Section 42.009, Education Code, is
25 transferred to Subchapter A, Chapter 48, Education Code, as added
26 by this Act, redesignated as Section 48.010, Education Code, and
27 amended to read as follows:

1 Sec. 48.010 [~~42.009~~]. DETERMINATION OF FUNDING LEVELS.

2 (a) Not later than July 1 of each year, the commissioner shall
3 determine for each school district whether the estimated amount of
4 state and local funding per student in weighted average daily
5 attendance to be provided to the district under the Foundation
6 School Program for maintenance and operations for the following
7 school year is less than the amount provided to the district for the
8 2010-2011 school year. If the amount estimated to be provided is
9 less, the commissioner shall certify the percentage decrease in
10 funding to be provided to the district.

11 (b) In making the determinations regarding funding levels
12 required by Subsection (a), the commissioner shall:

13 (1) make adjustments as necessary to reflect changes
14 in a school district's maintenance and operations tax rate;

15 (2) for a district required to ~~[take action under~~
16 ~~Chapter 41 to]~~ reduce its local revenue level under Section 48.257
17 ~~[wealth per student to the equalized wealth level]~~, base the
18 determinations on the district's net funding levels after deducting
19 any amounts required to be expended by the district to comply with
20 Chapter 49 [~~41~~]; and

21 (3) determine a district's weighted average daily
22 attendance in accordance with this chapter as it existed on January
23 1, 2011.

24 SECTION 1.017. Subchapter A, Chapter 48, Education Code, as
25 added by this Act, is amended by adding Sections 48.011 and 48.012
26 to read as follows:

27 Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED

1 CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Subject to
2 Subsections (b) and (d), the commissioner may adjust a school
3 district's funding entitlement under this chapter if the funding
4 formulas used to determine the district's entitlement result in an
5 unanticipated loss or gain for a district.

6 (b) Before making an adjustment under Subsection (a), the
7 commissioner shall notify and must receive approval from the
8 Legislative Budget Board and the office of the governor.

9 (c) If the commissioner makes an adjustment under
10 Subsection (a), the commissioner must provide to the legislature an
11 explanation regarding the changes necessary to resolve the
12 unintended consequences.

13 (d) Beginning with the 2022-2023 school year, the
14 commissioner may not make an adjustment under Subsection (a).

15 (e) This section expires September 1, 2024.

16 Sec. 48.012. STUDY ON GEOGRAPHIC EDUCATION COST VARIATIONS.

17 (a) The agency shall conduct a study on geographic variations in
18 known resource costs and costs of education due to factors beyond
19 the control of school districts. The study must include a review of
20 cost drivers for school districts.

21 (b) Not later than December 1, 2020, the agency shall submit
22 to the legislature a report on the results of the study.

23 (c) This section expires September 1, 2021.

24 SECTION 1.018. Chapter 48, Education Code, as added by this
25 Act, is amended by adding Subchapter B, and a heading is added to
26 that subchapter to read as follows:

27 SUBCHAPTER B. BASIC ENTITLEMENT

SECTION 1.019. Sections 42.101 and 42.105, Education Code, are transferred to Subchapter B, Chapter 48, Education Code, as added by this Act, redesignated as Sections 48.051 and 48.052, Education Code, and amended to read as follows:

Sec. 48.051 [~~42.101~~]. BASIC ALLOTMENT. (a) For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment equal to the lesser of \$5,880 [~~\$4,765~~] or the amount that results from the following formula:

$$A = \underline{\$5,880} [\underline{\$4,765}] \times \underline{TR/MCR} [(\underline{DCR/MCR})]$$

where:

"A" is the allotment to which a district is entitled;

"TR" [~~"DCR"~~] is the district's tier one maintenance and operations [~~compressed~~] tax rate, as provided by Section 45.0032 [~~which is the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year~~]; and

"MCR" is the state maximum compressed tax rate, which is the product of the state compression percentage, as determined under Section 48.255 [~~42.2516~~], multiplied by \$1.00 [~~\$1.50~~].

~~[(a-1) Notwithstanding Subsection (a), for a school district that adopted a maintenance and operations tax rate for the 2005 tax year below the maximum rate permitted by law for that year,~~

~~the district's compressed tax rate ("DCR") includes the portion of the district's current maintenance and operations tax rate in excess of the first six cents above the district's compressed tax rate, as defined by Subsection (a), until the district's compressed tax rate computed in accordance with this subsection is equal to the state maximum compressed tax rate ("MCR").]~~

(b) A greater amount for any school year may be provided by appropriation.

(c) Out of the total statewide allotment under this section, the commissioner shall annually set aside \$6 million to fund the blended learning grant program under Section 29.924. After deducting the amount set aside under this subsection from the total statewide allotment under this section, the commissioner shall reduce each school district's allotment under this section proportionately and allocate funds to each district accordingly. ~~[This subsection applies to a school district for which the compressed tax rate ("DCR") is determined in accordance with Subsection (a-1). Any reduction in the district's adopted maintenance and operations tax rate is applied to the following components of the district's tax rate in the order specified:~~

~~[(1) tax effort described by Section 42.302(a-1)(2),~~

~~[(2) tax effort described by Section 42.302(a-1)(1),~~

~~and~~

~~[(3) tax effort included in the determination of the district's compressed tax rate ("DCR") under Subsection (a-1).]~~

Sec. 48.052 ~~[42.105]~~. SPARSITY ADJUSTMENT. (a)
Notwithstanding Section 48.051 ~~[Sections 42.101, 42.102, and~~

1 42.103], a school district that has fewer than 130 students in
2 average daily attendance shall be provided a ~~[an adjusted]~~ basic
3 allotment on the basis of 130 students in average daily attendance
4 if it offers a kindergarten through grade 12 program and has
5 preceding or current year's average daily attendance of at least 90
6 students or is 30 miles or more by bus route from the nearest high
7 school district. A district offering a kindergarten through grade 8
8 program whose preceding or current year's average daily attendance
9 was at least 50 students or which is 30 miles or more by bus route
10 from the nearest high school district shall be provided a ~~[an~~
11 ~~adjusted]~~ basic allotment on the basis of 75 students in average
12 daily attendance. An average daily attendance of 60 students shall
13 be the basis of providing the ~~[adjusted]~~ basic allotment if a
14 district offers a kindergarten through grade 6 program and has
15 preceding or current year's average daily attendance of at least 40
16 students or is 30 miles or more by bus route from the nearest high
17 school district.

18 (b) Subsection (c) applies only to a school district that:

19 (1) does not offer each grade level from kindergarten
20 through grade 12 and whose prospective or former students generally
21 attend school in a state that borders this state for the grade
22 levels the district does not offer;

23 (2) serves both students residing in this state and
24 students residing in a state that borders this state who are
25 subsequently eligible for in-state tuition rates at institutions of
26 higher education in either state regardless of the state in which
27 the students reside; and

1 (3) shares students with an out-of-state district that
2 does not offer competing instructional services.

3 (c) Notwithstanding Subsection (a) or Section 48.051
4 [~~Sections 42.101, 42.102, and 42.103~~], a school district to which
5 this subsection applies, as provided by Subsection (b), that has
6 fewer than 130 students in average daily attendance shall be
7 provided a [~~an adjusted~~] basic allotment on the basis of 130
8 students in average daily attendance if it offers a kindergarten
9 through grade four program and has preceding or current year's
10 average daily attendance of at least 75 students or is 30 miles or
11 more by bus route from the nearest high school district.

12 SECTION 1.020. Chapter 48, Education Code, as added by this
13 Act, is amended by adding Subchapter C, and a heading is added to
14 that subchapter to read as follows:

15 SUBCHAPTER C. STUDENT-BASED ALLOTMENTS

16 SECTION 1.021. Subchapter C, Chapter 48, Education Code, as
17 added by this Act, is amended by adding Section 48.101 to read as
18 follows:

19 Sec. 48.101. SMALL AND MID-SIZED DISTRICT ALLOTMENT. (a)
20 Small and mid-sized districts are entitled to an annual allotment
21 in accordance with this section. In this section:

22 (1) "AA" is the district's annual allotment per
23 student in average daily attendance;

24 (2) "ADA" is the number of students in average daily
25 attendance for which the district is entitled to an allotment under
26 Section 48.051; and

27 (3) "BA" is the basic allotment determined under

1 Section 48.051.

2 (b) A school district that contains at least 300 square
3 miles and has not more than 1,600 students in average daily
4 attendance is entitled to an annual allotment for each student in
5 average daily attendance based on the following formula:

$$6 \quad \quad \quad \underline{AA = ((1,600 - ADA) \times .00044) \times BA.}$$

7 (c) A school district that contains less than 300 square
8 miles and has not more than 1,600 students in average daily
9 attendance is entitled to an annual allotment for each student in
10 average daily attendance based on the following formula:

$$11 \quad \quad \quad \underline{AA = ((1,600 - ADA) \times .00058) \times BA.}$$

12 (d) A school district that offers a kindergarten through
13 grade 12 program and has fewer than 5,000 students in average daily
14 attendance is entitled to an annual allotment for each student in
15 average daily attendance based on the formula, of the following
16 formulas, that results in the greatest annual allotment:

17 (1) the formula in Subsection (b) or (c) for which the
18 district is eligible; or

$$19 \quad \quad \quad \underline{(2) \quad AA = ((5,000 - ADA) \times .000025) \times BA.}$$

20 SECTION 1.022. Section 42.151, Education Code, is
21 transferred to Subchapter C, Chapter 48, Education Code, as added
22 by this Act, redesignated as Section 48.102, Education Code, and
23 amended to read as follows:

24 Sec. 48.102 [~~42.151~~]. SPECIAL EDUCATION. (a) For each
25 student in average daily attendance in a special education program
26 under Subchapter A, Chapter 29, in a mainstream instructional
27 arrangement, a school district is entitled to an annual allotment

equal to the ~~[adjusted]~~ basic allotment multiplied by 1.15 ~~[1.1]~~. For each full-time equivalent student in average daily attendance in a special education program under Subchapter A, Chapter 29, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the ~~[adjusted]~~ basic allotment multiplied by a weight determined according to instructional arrangement as follows:

Homebound	5.0
Hospital class	3.0
Speech therapy	5.0
Resource room	3.0
Self-contained, mild and moderate, regular campus	3.0
Self-contained, severe, regular campus	3.0
Off home campus	2.7
Nonpublic day school	1.7
Vocational adjustment class	2.3

(b) A special instructional arrangement for students with disabilities residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services shall be established by commissioner rule ~~[under the rules of the State Board of Education]~~. The funding weight for this arrangement shall be 4.0 for those students who receive their education service on a local school district campus. A special instructional arrangement for students with disabilities residing in state schools shall be established by commissioner rule ~~[under the rules of the State~~

1 ~~Board of Education~~] with a funding weight of 2.8.

2 (c) For funding purposes, the number of contact hours
3 credited per day for each student in the off home campus
4 instructional arrangement may not exceed the contact hours credited
5 per day for the multidistrict class instructional arrangement in
6 the 1992-1993 school year.

7 (d) For funding purposes the contact hours credited per day
8 for each student in the resource room; self-contained, mild and
9 moderate; and self-contained, severe, instructional arrangements
10 may not exceed the average of the statewide total contact hours
11 credited per day for those three instructional arrangements in the
12 1992-1993 school year.

13 (e) The commissioner [~~State Board of Education~~] by rule
14 shall prescribe the qualifications an instructional arrangement
15 must meet in order to be funded as a particular instructional
16 arrangement under this section. In prescribing the qualifications
17 that a mainstream instructional arrangement must meet, the
18 commissioner [~~board~~] shall establish requirements that students
19 with disabilities and their teachers receive the direct, indirect,
20 and support services that are necessary to enrich the regular
21 classroom and enable student success.

22 (f) In this section, "full-time equivalent student" means
23 30 hours of contact a week between a special education student and
24 special education program personnel.

25 (g) The commissioner [~~State Board of Education~~] shall adopt
26 rules and procedures governing contracts for residential placement
27 of special education students. The legislature shall provide by

1 appropriation for the state's share of the costs of those
2 placements.

3 (h) Funds allocated under this section, other than an
4 indirect cost allotment established under commissioner [~~State~~
5 ~~Board of Education~~] rule, must be used in the special education
6 program under Subchapter A, Chapter 29.

7 (i) The agency shall encourage the placement of students in
8 special education programs, including students in residential
9 instructional arrangements, in the least restrictive environment
10 appropriate for their educational needs.

11 (j) [~~(k)~~] A school district that provides an extended year
12 program required by federal law for special education students who
13 may regress is entitled to receive funds in an amount equal to 75
14 percent, or a lesser percentage determined by the commissioner, of
15 the [~~adjusted~~] basic allotment [~~or adjusted allotment, as~~
16 ~~applicable,~~] for each full-time equivalent student in average daily
17 attendance, multiplied by the amount designated for the student's
18 instructional arrangement under this section, for each day the
19 program is provided divided by the number of days in the minimum
20 school year. The total amount of state funding for extended year
21 services under this section may not exceed \$10 million per year. A
22 school district may use funds received under this section only in
23 providing an extended year program.

24 (k) [~~(l)~~] From the total amount of funds appropriated for
25 special education under this section, the commissioner shall
26 withhold an amount specified in the General Appropriations Act, and
27 distribute that amount to school districts for programs under

1 Section 29.014. The program established under that section is
2 required only in school districts in which the program is financed
3 by funds distributed under this subsection and any other funds
4 available for the program. After deducting the amount withheld
5 under this subsection from the total amount appropriated for
6 special education, the commissioner shall reduce each district's
7 allotment proportionately and shall allocate funds to each district
8 accordingly.

9 SECTION 1.023. Subchapter C, Chapter 48, Education Code, as
10 added by this Act, is amended by adding Section 48.103 to read as
11 follows:

12 Sec. 48.103. ALLOTMENT FOR STUDENT WITH DYSLEXIA OR RELATED
13 DISORDER. (a) Subject to Subsection (b), for each student that a
14 school district serves who has been identified as having dyslexia
15 or a related disorder, the district is entitled to an annual
16 allotment equal to the basic allotment multiplied by 0.12 or a
17 greater amount provided by appropriation.

18 (b) A school district is entitled to the allotment under
19 Subsection (a) only for a student who:

20 (1) is receiving instruction that:

21 (A) meets applicable dyslexia program criteria
22 established by the State Board of Education; and

23 (B) is provided by a person with specific
24 training in providing that instruction; or

25 (2) is permitted, on the basis of having dyslexia or a
26 related disorder, to use modifications in the classroom and
27 accommodations in the administration of assessment instruments

1 under Section 39.023.

2 (c) A school district may receive funding for a student
3 under this section and Section 48.102 if the student satisfies the
4 requirements of both sections.

5 SECTION 1.024. Section 42.152, Education Code, is
6 transferred to Subchapter C, Chapter 48, Education Code, as added
7 by this Act, redesignated as Section 48.104, Education Code, and
8 amended to read as follows:

9 Sec. 48.104 [~~42.152~~]. COMPENSATORY EDUCATION ALLOTMENT.

10 (a) For each student who [~~is educationally disadvantaged or who is~~
11 ~~a student who~~] does not have a disability and resides in a
12 residential placement facility in a district in which the student's
13 parent or legal guardian does not reside, a district is entitled to
14 an annual allotment equal to the [~~adjusted~~] basic allotment
15 multiplied by 0.2 or, if the student is educationally
16 disadvantaged, 0.275. For[~~, and by 2.41 for~~] each full-time
17 equivalent student who is in a remedial and support program under
18 Section 29.081 because the student is pregnant, a district is
19 entitled to an annual allotment equal to the basic allotment
20 multiplied by 2.41.

21 (b) For each student who is educationally disadvantaged and
22 resides in an economically disadvantaged census block group as
23 determined by the commissioner under Subsection (c), a district is
24 entitled to an annual allotment equal to the basic allotment
25 multiplied by the weight assigned to the student's census block
26 group under Subsection (d).

27 (c) For purposes of the allotment under Subsection (b), the

1 commissioner shall establish an index for economically
2 disadvantaged census block groups in the state that provides
3 criteria for determining which census block groups are economically
4 disadvantaged and categorizes economically disadvantaged census
5 block groups in five tiers according to relative severity of
6 economic disadvantage. In determining the severity of economic
7 disadvantage in a census block group, the commissioner shall
8 consider:

9 (1) the median household income;
10 (2) the average educational attainment of the
11 population;
12 (3) the percentage of single-parent households;
13 (4) the rate of homeownership; and
14 (5) other economic criteria the commissioner
15 determines likely to disadvantage a student's preparedness and
16 ability to learn.

17 (d) The weights assigned to the five tiers of the index
18 established under Subsection (c) are, from least to most severe
19 economic disadvantage, 0.225, 0.2375, 0.25, 0.2625, and 0.275.

20 (e) If insufficient data is available for any school year to
21 evaluate the level of economic disadvantage in a census block
22 group, a school district is entitled to an annual allotment equal to
23 the basic allotment multiplied by 0.225 for each student who is
24 educationally disadvantaged and resides in that census block group
25 ~~[For purposes of this section, the number of educationally~~
26 ~~disadvantaged students is determined:~~

27 ~~[(1) by averaging the best six months' numbers of~~

1 ~~students eligible for enrollment in the national school lunch~~
2 ~~program of free or reduced-price lunches for the preceding school~~
3 ~~year, or~~

4 ~~[(2) in the manner provided by commissioner rule].~~

5 (f) [(b-1)] A student receiving a full-time virtual
6 education through the state virtual school network may be included
7 in determining the number of ~~[educationally disadvantaged]~~
8 students who are educationally disadvantaged and reside in an
9 economically disadvantaged census block group under Subsection (b)
10 or (e), as applicable, if the school district submits to the
11 commissioner a plan detailing the enhanced services that will be
12 provided to the student and the commissioner approves the plan.

13 (g) Not later than March 1 of each year, the commissioner
14 shall:

15 (1) review and, if necessary, update the index
16 established under Subsection (c) to be used for the following
17 school year, based on the most recent estimates published by the
18 United States Census Bureau; and

19 (2) notify each school district of any changes to the
20 index.

21 (h) The state demographer, the Department of Agriculture,
22 and any other state agency with relevant information shall assist
23 the commissioner in performing the commissioner's duties under this
24 section.

25 (i) On a schedule determined by the commissioner, each
26 school district shall report to the agency the census block group in
27 which each student enrolled in the district who is educationally

1 disadvantaged resides. The agency shall provide to school districts
2 a resource for use in determining the census block group in which a
3 student resides.

4 (j) The commissioner by rule shall establish guidelines for
5 the method of determining the number of students who qualify for an
6 allotment under this section at a campus that participates in the
7 Community Eligibility Provision administered by the United States
8 Department of Agriculture, as provided by the Healthy, Hunger-Free
9 Kids Act of 2010 (Pub. L. No. 111-296).

10 (k) In addition to other purposes for which funds allocated
11 under this section may be used, those funds may also ~~[(c) Funds~~
12 ~~allocated under this section shall]~~ be used to ~~[fund supplemental~~
13 ~~programs and services designed to eliminate any disparity in~~
14 ~~performance on assessment instruments administered under~~
15 ~~Subchapter B, Chapter 39, or disparity in the rates of high school~~
16 ~~completion between students at risk of dropping out of school, as~~
17 ~~defined by Section 29.081, and all other students. Specifically,~~
18 ~~the funds, other than an indirect cost allotment established under~~
19 ~~State Board of Education rule, which may not exceed 45 percent, may~~
20 ~~be used to meet the costs of providing a compensatory, intensive, or~~
21 ~~accelerated instruction program under Section 29.081 or a~~
22 ~~disciplinary alternative education program established under~~
23 ~~Section 37.008, to pay the costs associated with placing students~~
24 ~~in a juvenile justice alternative education program established~~
25 ~~under Section 37.011, or to]~~ support a program eligible under Title
26 I of the Elementary and Secondary Education Act of 1965, as provided
27 by Pub. L. No. 103-382 and its subsequent amendments, and by

1 federal regulations implementing that Act~~[, at a campus at which at~~
2 ~~least 40 percent of the students are educationally disadvantaged]~~.
3 ~~[In meeting the costs of providing a compensatory, intensive, or~~
4 ~~accelerated instruction program under Section 29.081, a district's~~
5 ~~compensatory education allotment shall be used for costs~~
6 ~~supplementary to the regular education program, such as costs for~~
7 ~~program and student evaluation, instructional materials and~~
8 ~~equipment and other supplies required for quality instruction,~~
9 ~~supplemental staff expenses, salary for teachers of at-risk~~
10 ~~students, smaller class size, and individualized instruction. A~~
11 ~~home-rule school district or an open-enrollment charter school must~~
12 ~~use funds allocated under Subsection (a) for a purpose authorized~~
13 ~~in this subsection but is not otherwise subject to Subchapter C,~~
14 ~~Chapter 29. For purposes of this subsection, a program specifically~~
15 ~~designed to serve students at risk of dropping out of school, as~~
16 ~~defined by Section 29.081, is considered to be a program~~
17 ~~supplemental to the regular education program, and a district may~~
18 ~~use its compensatory education allotment for such a program.~~

19 ~~[(c-1) Notwithstanding Subsection (c), funds allocated~~
20 ~~under this section may be used to fund in proportion to the~~
21 ~~percentage of students served by the program that meet the criteria~~
22 ~~in Section 29.081(d) or (g):~~

23 ~~[(1) an accelerated reading instruction program under~~
24 ~~Section 28.006(g); or~~

25 ~~[(2) a program for treatment of students who have~~
26 ~~dyslexia or a related disorder as required by Section 38.003.~~

27 ~~[(c-2) Notwithstanding Subsection (c), funds allocated~~

1 ~~under this section may be used to fund a district's mentoring~~
2 ~~services program under Section 29.089.~~

3 ~~[(d) The agency shall evaluate the effectiveness of~~
4 ~~accelerated instruction and support programs provided under~~
5 ~~Section 29.081 for students at risk of dropping out of school.~~

6 ~~[(q) The State Board of Education, with the assistance of~~
7 ~~the comptroller, shall develop and implement by rule reporting and~~
8 ~~auditing systems for district and campus expenditures of~~
9 ~~compensatory education funds to ensure that compensatory education~~
10 ~~funds, other than the indirect cost allotment, are spent only to~~
11 ~~supplement the regular education program as required by Subsection~~
12 ~~(c). The reporting requirements shall be managed electronically to~~
13 ~~minimize local administrative costs. A district shall submit the~~
14 ~~report required by this subsection not later than the 150th day~~
15 ~~after the last day permissible for resubmission of information~~
16 ~~required under Section 42.006.~~

17 ~~[(q-1) The commissioner shall develop a system to identify~~
18 ~~school districts that are at high risk of having used compensatory~~
19 ~~education funds other than in compliance with Subsection (c) or of~~
20 ~~having inadequately reported compensatory education expenditures.~~
21 ~~If a review of the report submitted under Subsection (q), using the~~
22 ~~risk-based system, indicates that a district is not at high risk of~~
23 ~~having misused compensatory education funds or of having~~
24 ~~inadequately reported compensatory education expenditures, the~~
25 ~~district may not be required to perform a local audit of~~
26 ~~compensatory education expenditures and is not subject to on-site~~
27 ~~monitoring under this section.~~

1 ~~[(q-2) If a review of the report submitted under Subsection~~
2 ~~(q), using the risk-based system, indicates that a district is at~~
3 ~~high risk of having misused compensatory education funds, the~~
4 ~~commissioner shall notify the district of that determination. The~~
5 ~~district must respond to the commissioner not later than the 30th~~
6 ~~day after the date the commissioner notifies the district of the~~
7 ~~commissioner's determination. If the district's response does not~~
8 ~~change the commissioner's determination that the district is at~~
9 ~~high risk of having misused compensatory education funds or if the~~
10 ~~district does not respond in a timely manner, the commissioner~~
11 ~~shall:~~

12 ~~[(1) require the district to conduct a local audit of~~
13 ~~compensatory education expenditures for the current or preceding~~
14 ~~school year,~~

15 ~~[(2) order agency staff to conduct on-site monitoring~~
16 ~~of the district's compensatory education expenditures, or~~

17 ~~[(3) both require a local audit and order on-site~~
18 ~~monitoring.~~

19 ~~[(q-3) If a review of the report submitted under Subsection~~
20 ~~(q), using the risk-based system, indicates that a district is at~~
21 ~~high risk of having inadequately reported compensatory education~~
22 ~~expenditures, the commissioner may require agency staff to assist~~
23 ~~the district in following the proper reporting methods or amending~~
24 ~~a district or campus improvement plan under Subchapter F, Chapter~~
25 ~~11. If the district does not take appropriate corrective action~~
26 ~~before the 45th day after the date the agency staff notifies the~~
27 ~~district of the action the district is expected to take, the~~

1 ~~commissioner may:~~

2 ~~[(1) require the district to conduct a local audit of~~
3 ~~the district's compensatory education expenditures; or~~

4 ~~[(2) order agency staff to conduct on-site monitoring~~
5 ~~of the district's compensatory education expenditures.~~

6 ~~[(q-4) The commissioner, in the year following a local audit~~
7 ~~of compensatory education expenditures, shall withhold from a~~
8 ~~district's foundation school fund payment an amount equal to the~~
9 ~~amount of compensatory education funds the agency determines were~~
10 ~~not used in compliance with Subsection (c). The commissioner shall~~
11 ~~release to a district funds withheld under this subsection when the~~
12 ~~district provides to the commissioner a detailed plan to spend~~
13 ~~those funds in compliance with Subsection (c).~~

14 ~~[(r) The commissioner shall grant a one-year exemption from~~
15 ~~the requirements of Subsections (q)-(q-4) to a school district in~~
16 ~~which the group of students who have failed to perform~~
17 ~~satisfactorily in the preceding school year on an assessment~~
18 ~~instrument required under Section 39.023(a), (c), or (l)~~
19 ~~subsequently performs on those assessment instruments at a level~~
20 ~~that meets or exceeds a level prescribed by commissioner rule. Each~~
21 ~~year the commissioner, based on the most recent information~~
22 ~~available, shall determine if a school district is entitled to an~~
23 ~~exemption for the following school year and notify the district of~~
24 ~~that determination.]~~

25 SECTION 1.025. Sections 42.153, 42.154, and 42.157,
26 Education Code, are transferred to Subchapter C, Chapter 48,
27 Education Code, as added by this Act, redesignated as Sections

1 48.105, 48.106, and 48.107, Education Code, and amended to read as
2 follows:

3 Sec. 48.105 [~~42.153~~]. BILINGUAL EDUCATION ALLOTMENT.
4 [~~(a)~~] For each student in average daily attendance in a bilingual
5 education or special language program under Subchapter B, Chapter
6 29, a district is entitled to an annual allotment equal to the
7 [~~adjusted~~] basic allotment multiplied by:

8 (1) for a student of limited English proficiency, as
9 defined by Section 29.052:

10 (A) 0.1; or

11 (B) 0.15 if the student is in a bilingual
12 education program using a dual language immersion/one-way or
13 two-way program model; and

14 (2) for a student not described by Subdivision (1),
15 0.05 if the student is in a bilingual education program using a dual
16 language immersion/two-way program model.

17 ~~[(b) Funds allocated under this section, other than an~~
18 ~~indirect cost allotment established under State Board of Education~~
19 ~~rule, must be used in providing bilingual education or special~~
20 ~~language programs under Subchapter B, Chapter 29, and must be~~
21 ~~accounted for under existing agency reporting and auditing~~
22 ~~procedures.~~

23 ~~[(c) A district's bilingual education or special language~~
24 ~~allocation may be used only for program and student evaluation,~~
25 ~~instructional materials and equipment, staff development,~~
26 ~~supplemental staff expenses, salary supplements for teachers, and~~
27 ~~other supplies required for quality instruction and smaller class~~

1 ~~size.]~~

2 Sec. 48.106 [~~42.154~~]. CAREER AND TECHNOLOGY EDUCATION
3 ALLOTMENT. (a) For each full-time equivalent student in average
4 daily attendance in an approved career and technology education
5 program in grades 9 [~~nine~~] through 12 or in career and technology
6 education programs for students with disabilities in grades 7
7 [~~seven~~] through 12, a district is entitled to:

8 (1) an annual allotment equal to the [~~adjusted~~] basic
9 allotment multiplied by a weight of 1.35; and

10 (2) \$50, if the student is enrolled in two or more
11 advanced career and technology education classes for a total of
12 three or more credits.

13 (b) In this section:

14 (1) "Career and technology education class" and
15 "career and technology education program" include [~~a~~] technology
16 applications courses [~~course on cybersecurity adopted or selected~~
17 ~~by the State Board of Education under Section 28.025(c-10)]~~].

18 (2) "Full-time equivalent student" means 30 hours of
19 contact a week between a student and career and technology
20 education program personnel.

21 (c) Out of the total statewide allotment for career and
22 technology education under this section, the commissioner shall
23 annually set aside \$8 million to fund the grant program for P-TECH
24 schools under Section 29.556, in addition to other funds
25 appropriated for that purpose. After deducting the amount set aside
26 under this subsection from the total statewide allotment for career
27 and technology education under this section, the commissioner shall

1 reduce each district's allotment under this section in the same
2 manner described for a reduction in allotments under Section
3 48.266. ~~[Funds allocated under this section, other than an indirect~~
4 ~~cost allotment established under State Board of Education rule,~~
5 ~~must be used in providing career and technology education programs~~
6 ~~in grades nine through 12 or career and technology education~~
7 ~~programs for students with disabilities in grades seven through 12~~
8 ~~under Sections 29.182, 29.183, and 29.184.~~

9 ~~[(d) The commissioner shall conduct a cost-benefit~~
10 ~~comparison between career and technology education programs and~~
11 ~~mathematics and science programs.~~

12 ~~[(e) Out of the total statewide allotment for career and~~
13 ~~technology education under this section, the commissioner shall set~~
14 ~~aside an amount specified in the General Appropriations Act, which~~
15 ~~may not exceed an amount equal to one percent of the total amount~~
16 ~~appropriated, to support regional career and technology education~~
17 ~~planning. After deducting the amount set aside under this~~
18 ~~subsection from the total amount appropriated for career and~~
19 ~~technology education under this section, the commissioner shall~~
20 ~~reduce each district's tier one allotments in the same manner~~
21 ~~described for a reduction in allotments under Section 42.253.]~~

22 Sec. 48.107 ~~[42.157]~~. PUBLIC EDUCATION GRANT ALLOTMENT.

23 (a) Except as provided by Subsection (b), for each student in
24 average daily attendance who is using a public education grant
25 under Subchapter G, Chapter 29, to attend school in a district other
26 than the district in which the student resides, the district in
27 which the student attends school is entitled to an annual allotment

1 equal to the [~~adjusted~~] basic allotment multiplied by a weight of
2 0.1.

3 (b) The total number of allotments under this section to
4 which a district is entitled may not exceed the number by which the
5 number of students using public education grants to attend school
6 in the district exceeds the number of students who reside in the
7 district and use public education grants to attend school in
8 another district.

9 SECTION 1.026. Subchapter C, Chapter 48, Education Code, as
10 added by this Act, is amended by adding Section 48.108 to read as
11 follows:

12 Sec. 48.108. EARLY READING ALLOTMENT. (a) For each student
13 in average daily attendance in kindergarten through third grade, a
14 school district is entitled to an annual allotment equal to the
15 basic allotment multiplied by 0.1 if the student is:

16 (1) educationally disadvantaged; or

17 (2) a student of limited English proficiency, as
18 defined by Section 29.052, and is in a bilingual education or
19 special language program under Subchapter B, Chapter 29.

20 (b) Funds allocated under this section must be used to fund
21 programs and services designed to improve student performance in
22 reading in prekindergarten through third grade, such as programs
23 and services designed to assist the district in achieving the goals
24 set in the district's early childhood literacy proficiency plan
25 adopted under Section 11.185 or services designed to improve
26 support for children three years of age or younger who are not
27 enrolled in prekindergarten.

1 (c) A school district is entitled to an allotment under each
2 subdivision of Subsection (a) for which a student qualifies.

3 (d) A school district may receive funding for a student
4 under this section and under Sections 48.104 and 48.105, as
5 applicable, if the student satisfies the requirements of each
6 applicable section.

7 SECTION 1.027. Subchapter C, Chapter 48, Education Code, as
8 added by this Act, is amended by adding Sections 48.109, 48.110,
9 48.111, 48.112, and 48.113 to read as follows:

10 Sec. 48.109. THIRD GRADE READING OUTCOMES ALLOTMENT. (a)
11 Each year, the commissioner shall determine for each school
12 district the minimum number of students enrolled in the district
13 who would have to perform satisfactorily on the third grade reading
14 assessment instrument administered under Section 39.023 or the
15 alternative third grade reading assessment instrument adopted
16 under Subsection (d) in order for the district to achieve a
17 satisfactory performance percentage on the applicable assessment
18 instrument equal to the 25th percentile of statewide satisfactory
19 performance by public school students on the applicable assessment
20 instrument as determined under Subsection (e), disaggregated by the
21 following cohorts:

22 (1) students who are educationally disadvantaged;

23 (2) students who are not educationally disadvantaged;

24 and

25 (3) students who are enrolled in a special education
26 program under Subchapter A, Chapter 29.

27 (b) For each student in a cohort described by Subsection (a)

1 who performed satisfactorily during the preceding school year on an
2 assessment instrument described by that subsection in excess of the
3 minimum number of students determined for the applicable district
4 cohort under that subsection, a school district is entitled to an
5 annual allotment of:

6 (1) if the student is educationally disadvantaged,
7 \$4,000;

8 (2) if the student is not educationally disadvantaged,
9 \$1,000; and

10 (3) if the student is enrolled in a special education
11 program under Subchapter A, Chapter 29, \$1,000.

12 (c) A school district is entitled to an allotment under each
13 provision of Subsection (b) for which a student qualifies.

14 (d) For purposes of this section, the commissioner shall
15 adopt an alternative third grade reading assessment instrument and
16 set performance standards on the assessment instrument equivalent
17 to the performance standards set under Section 39.0241 for the
18 third grade reading assessment instrument administered under
19 Section 39.023. The assessment instrument adopted under this
20 subsection must have been administered to a sufficient number of
21 public school students, as determined by the commissioner, in the
22 2017-2018 school year to enable the commissioner to establish a
23 percentile of statewide satisfactory performance for the
24 assessment instrument under Subsection (e).

25 (e) For each year, the commissioner shall establish the 25th
26 percentile of statewide satisfactory performance for each
27 assessment instrument described by Subsection (a) based on student

performance on the assessment instrument in the 2017-2018 school year. If for any year the commissioner determines that the assessment instrument has materially changed, the commissioner shall adjust the percentile of statewide satisfactory performance as the commissioner determines appropriate.

(f) In determining the amount of funding to which a school district is entitled under this section, the commissioner shall consider student performance on the assessment instrument described by Subsection (a) that would result in the greater amount of funding.

(g) A school district may not receive funding based on student performance on the alternative third grade reading assessment instrument adopted under Subsection (d) unless the district:

(1) administers the assessment instrument:

(A) to all students to whom the third grade reading assessment instrument under Section 39.023 is required to be administered, other than students who receive:

(i) an exemption from the administration of the third grade reading assessment instrument; or

(ii) accommodations for the administration of the third grade reading assessment instrument that are not provided for the administration of the alternative third grade reading assessment instrument; and

(B) using test security and administration protocols required by commissioner rule; and

(2) provides to the agency student performance data

1 for the assessment instrument in accordance with commissioner rule.

2 (h) This section does not:

3 (1) require a school district to administer the
4 alternative third grade reading assessment instrument adopted
5 under Subsection (d); or

6 (2) alter a school district's obligations regarding
7 the administration of the third grade reading assessment instrument
8 under Section 39.023.

9 (i) At least once every five years, the agency shall:

10 (1) conduct a longitudinal impact study on the
11 alternative third grade reading assessment instrument adopted
12 under Subsection (d); and

13 (2) submit to the legislature a report on the results
14 of the study conducted under Subdivision (1).

15 Sec. 48.110. COLLEGE, CAREER, OR MILITARY READINESS
16 OUTCOMES ALLOTMENT. (a) Each year, the commissioner shall determine
17 for each school district the minimum number of students enrolled in
18 the district who would need to graduate high school demonstrating
19 college, career, or military readiness as described by Subsection
20 (d) in order for the district to achieve a percentage of college,
21 career, or military readiness equal to the 25th percentile of
22 statewide college, career, or military readiness of public school
23 students for the 2016-2017 school year, disaggregated by the
24 following cohorts:

25 (1) students who are educationally disadvantaged;

26 (2) students who are not educationally disadvantaged;

27 and

1 (3) students who are enrolled in a special education
2 program under Subchapter A, Chapter 29.

3 (b) For each student in a cohort described by Subsection (a)
4 who graduated high school during the preceding school year
5 demonstrating college, career, or military readiness as described
6 by Subsection (d) in excess of the minimum number of students
7 determined for the applicable district cohort under that
8 subsection, a school district is entitled to an annual allotment
9 of:

10 (1) if the student is educationally disadvantaged,
11 \$5,000;

12 (2) if the student is not educationally disadvantaged,
13 \$3,000; and

14 (3) if the student is enrolled in a special education
15 program under Subchapter A, Chapter 29, \$2,000.

16 (c) A school district is entitled to an allotment under each
17 subdivision of Subsection (b) for which a student qualifies.

18 (d) For purposes of this section, a student demonstrates:

19 (1) college readiness if the student:

20 (A) achieves a minimum score set by commissioner
21 rule on the ACT, the SAT, or an assessment instrument designated by
22 the Texas Higher Education Coordinating Board under Section 51.334;
23 and

24 (B) not later than six months after graduating
25 from high school, enrolls at a postsecondary educational
26 institution;

27 (2) career readiness if the student:

1 (A) achieves a minimum score set by commissioner
2 rule on the ACT, the SAT, or an assessment instrument designated by
3 the Texas Higher Education Coordinating Board under Section 51.334;
4 and

5 (B) not later than six months after graduating
6 from high school, earns an industry-accepted certificate; and

7 (3) military readiness if the student:

8 (A) achieves a minimum score set by commissioner
9 rule on the Armed Services Vocational Aptitude Battery; and

10 (B) not later than six months after graduating
11 from high school, enlists in the armed forces of the United States.

12 Sec. 48.111. FAST GROWTH ALLOTMENT. A school district in
13 which the growth in student enrollment in the district over the
14 preceding three school years is in the top quartile of student
15 enrollment growth in school districts in the state for that period,
16 as determined by the commissioner, is entitled to an annual
17 allotment equal to the basic allotment multiplied by 0.042 for each
18 student in average daily attendance.

19 Sec. 48.112. TEACHER INCENTIVE ALLOTMENT. (a) In this
20 section, "classroom teacher" has the meaning assigned by Section
21 21.751.

22 (b) For each classroom teacher with a teacher designation
23 under Subchapter P, Chapter 21, employed by a school district, the
24 school district is entitled to an allotment equal to the following
25 applicable base amount increased by the high needs and rural factor
26 as determined under Subsection (c):

27 (1) \$12,000, with an increase of up to \$32,000 under

1 Subsection (c), for each master teacher;

2 (2) \$6,000, with an increase of up to \$18,000 under
3 Subsection (c), for each exemplary teacher; and

4 (3) \$3,000, with an increase of up to \$9,000 under
5 Subsection (c), for each recognized teacher.

6 (c) The high needs and rural factor is determined by
7 multiplying the following applicable amounts by the average of the
8 point value assigned to each student at a district campus under
9 Subsection (d):

10 (1) \$5,000 for each master teacher;

11 (2) \$3,000 for each exemplary teacher; and

12 (3) \$1,500 for each recognized teacher.

13 (d) Except as provided by Subsection (e), a point value for
14 each student at a district campus shall be assigned as follows:

15 (1) 0, for a student not assigned a weight for the
16 compensatory education allotment under Section 48.104(b) or (e); or

17 (2) 0.5, 1.0, 2.0, 3.0, or 4.0, respectively, from
18 least to most severe economic disadvantage, for a student assigned
19 a weight for the compensatory education allotment under Section
20 48.104(b) or (e).

21 (e) If the campus at which a student is enrolled is
22 classified as a rural campus, a student is assigned the point value
23 two tiers higher than the student's point value determined under
24 Subsection (d)(1) or (2).

25 (f) The commissioner shall annually make available to the
26 public a list of campuses with the projected allotment amounts per
27 teacher designation at each campus.

1 (g) A district shall annually certify that funds received
2 under this section were used as follows:

3 (1) at least 90 percent of the funds were used for
4 educator compensation; and

5 (2) any other funds received under this section were
6 used for costs associated with implementing Subchapter P, Chapter
7 21, including efforts to support teachers in obtaining
8 designations.

9 Sec. 48.113. ACCELERATED CAMPUS EXCELLENCE TURNAROUND PLAN
10 ALLOTMENT. (a) A school district is entitled to an allotment equal
11 to the basic allotment multiplied by 0.1 for each student in average
12 daily attendance at a district campus that:

13 (1) has submitted and received approval for a campus
14 turnaround plan that the commissioner determines meets the
15 requirements for an accelerated campus excellence turnaround plan
16 under Section 39A.105(b); and

17 (2) received a performance rating of unacceptable or
18 improvement required in at least one of the last five school years.

19 (b) A school district may not receive an allotment under
20 this section for more than five school years.

21 SECTION 1.028. Chapter 48, Education Code, as added by this
22 Act, is amended by adding Subchapter D, and a heading is added to
23 that subchapter to read as follows:

24 SUBCHAPTER D. ADDITIONAL FUNDING

25 SECTION 1.029. Sections 42.155 and 42.158, Education Code,
26 are transferred to Subchapter D, Chapter 48, Education Code, as
27 added by this Act, redesignated as Sections 48.151 and 48.152,

1 Education Code, and amended to read as follows:

2 Sec. 48.151 ~~[42.155]~~. TRANSPORTATION ALLOTMENT. (a) Each
3 district or county operating a transportation system is entitled to
4 allotments for transportation costs as provided by this section.

5 (b) As used in this section:

6 (1) "Regular eligible student" means a student who:

7 (A) resides two or more miles from the student's
8 campus of regular attendance, measured along the shortest route
9 that may be traveled on public roads, and who:

10 (i) is not classified as a student eligible
11 for special education services; and

12 (ii) has not transferred to the district in
13 which the student is enrolled under Section 25.036; or

14 (B) is a homeless child or youth, as defined by 42
15 U.S.C. Section 11434a.

16 (2) "Eligible special education student" means a
17 student who is eligible for special education services under
18 Section 29.003 and who would be unable to attend classes without
19 special transportation services.

20 ~~[(3) "Linear density" means the average number of~~
21 ~~regular eligible students transported daily, divided by the~~
22 ~~approved daily route miles traveled by the respective~~
23 ~~transportation system.]~~

24 (c) Each district or county operating a regular
25 transportation system is entitled to an allotment based on a rate
26 per mile ~~[the daily cost]~~ per regular eligible student set ~~[of~~
27 ~~operating and maintaining the regular transportation system and the~~

1 ~~linear density of that system. In determining the cost, the~~
2 ~~commissioner shall give consideration to factors affecting the~~
3 ~~actual cost of providing these transportation services in each~~
4 ~~district or county. The average actual cost is to be computed by the~~
5 ~~commissioner and included for consideration]~~ by the legislature in
6 the General Appropriations Act. [~~The allotment per mile of approved~~
7 ~~route may not exceed the amount set by appropriation.]~~

8 (d) A district or county may apply for and on approval of the
9 commissioner receive an additional amount of up to 10 percent of its
10 regular transportation allotment to be used for the transportation
11 of children living within two miles of the school they attend who
12 would be subject to hazardous traffic conditions or a high risk of
13 violence if they walked to school.

14 (d-1) For purposes of Subsection (d), each board of trustees
15 shall provide to the commissioner an explanation of the hazardous
16 traffic conditions or areas presenting a high risk of violence
17 applicable to that district and shall identify the specific
18 hazardous or high-risk areas for which the allocation is
19 requested. A hazardous traffic condition exists where no walkway
20 is provided and children must walk along or cross a freeway or
21 expressway, an underpass, an overpass or a bridge, an uncontrolled
22 major traffic artery, an industrial or commercial area, or another
23 comparable condition. An area presents a high risk of violence if
24 law enforcement records indicate a high incidence of violent crimes
25 in the area. Each board of trustees requesting funds for an area
26 presenting a high risk of violence must, in addition to the
27 explanation required by this subsection, provide the commissioner

1 with consolidated law enforcement records that document violent
2 crimes identified by reporting agencies within the relevant
3 jurisdiction.

4 (d-2) A district or county may use all or part of any funds
5 received under Subsection (d) to support community walking
6 transportation programs, including walking school bus programs,
7 provided that the district or county requires each supported
8 program to submit a financial report to the district or county each
9 semester that covers services provided by the program for the
10 benefit of the district or county. The commissioner shall adopt
11 rules governing the transportation allotment as necessary to permit
12 a district or county to receive funds under Subsection (d) that may
13 be used to support innovative school safety projects, including
14 community walking transportation programs as provided by this
15 subsection and any other appropriate safety project, including
16 rules defining an approved walking route mile that may be used as
17 necessary in implementing this subsection.

18 (e) The commissioner may grant an amount set by
19 appropriation for private or commercial transportation for
20 eligible students from isolated areas. The need for this type of
21 transportation grant shall be determined on an individual basis and
22 the amount granted shall not exceed the actual cost. The grants may
23 be made only in extreme hardship cases. A grant may not be made if
24 the students live within two miles of an approved school bus route.

25 (f) The cost of transporting career and technology
26 education students from one campus to another inside a district,
27 [~~or~~] from a sending district to another secondary public school for

1 a career and technology program or an area career and technology
2 school or to an approved post-secondary institution under a
3 contract for instruction approved by the agency, or from a district
4 campus to a location at which students are provided work-based
5 learning under the district's career and technology program shall
6 be reimbursed based on the number of actual miles traveled times the
7 district's official extracurricular travel per mile rate as set by
8 the board of trustees and approved by the agency.

9 (g) A school district or county that provides special
10 transportation services for eligible special education students is
11 entitled to a state allocation paid on a previous year's
12 cost-per-mile basis. The ~~[maximum]~~ rate per mile allowable shall
13 be set by appropriation based on data gathered from the first year
14 of each preceding biennium. Districts may use a portion of their
15 support allocation to pay transportation costs, if necessary. The
16 commissioner may grant an amount set by appropriation for private
17 transportation to reimburse parents or their agents for
18 transporting eligible special education students. The mileage
19 allowed shall be computed along the shortest public road from the
20 student's home to school and back, morning and afternoon. The need
21 for this type transportation shall be determined on an individual
22 basis and shall be approved only in extreme hardship cases.

23 (h) Funds allotted under this section must be used in
24 providing transportation services.

25 (i) In the case of a district belonging to a county
26 transportation system, the district's transportation allotment for
27 purposes of determining a district's foundation school program

1 allocations is determined on the basis of the number of approved
2 daily route miles in the district [~~multiplied by the allotment per~~
3 ~~mile to which the county transportation system is entitled~~].

4 (j) The Texas School for the Deaf is entitled to an
5 allotment under this section. The commissioner shall determine the
6 appropriate allotment.

7 (k) Notwithstanding any other provision of this section,
8 the commissioner may not reduce the allotment to which a district or
9 county is entitled under this section because the district or
10 county provides transportation for:

11 (1) an eligible student to and from a child-care
12 facility, as defined by Section 42.002, Human Resources Code, or a
13 grandparent's residence instead of the student's residence, as
14 authorized by Section 34.007 of this code; or

15 (2) a regular eligible student described by Subsection
16 (b)(1)(B) to and from a school located outside the district or
17 county under an arrangement made in accordance with 42 U.S.C.
18 Section 11432(g)(1)(J)(iii)(II) [~~if the transportation is~~
19 ~~provided within the approved routes of the district or county for~~
20 ~~the school the student attends].~~

21 (l) A school district may, with the funds allotted under
22 this section, provide a bus pass or card for another transportation
23 system to each student who is eligible to use the regular
24 transportation system of the district but for whom the regular
25 transportation system of the district is not a feasible method of
26 providing transportation. The commissioner by rule shall provide
27 procedures for a school district to provide bus passes or cards to

1 students under this subsection.

2 (m) A school district shall be reimbursed on a per-mile
3 basis for the cost of transporting a dual credit student to another
4 campus in the district, a campus in another district, or a
5 postsecondary educational institution for purposes of attending
6 the course, if the course is not available at the student's campus.

7 Sec. 48.152 [~~42.158~~]. NEW INSTRUCTIONAL FACILITY
8 ALLOTMENT. (a) In this section:

9 (1) "Instructional facility" has the meaning assigned
10 by Section 46.001.

11 (2) "New instructional facility" includes:

12 (A) a newly constructed instructional facility;

13 (B) a repurposed instructional facility; and

14 (C) a leased facility operating for the first
15 time as an instructional facility with a minimum lease term of not
16 less than 10 years.

17 (b) A school district is entitled to an additional allotment
18 as provided by this section for operational expenses associated
19 with opening a new instructional facility.

20 (c) [~~(a-1)~~] A school district entitled to an allotment
21 under this section may use funds from the district's allotment to
22 renovate an existing instructional facility to serve as a dedicated
23 cybersecurity computer laboratory.

24 (d) [~~(b)~~] For the first school year in which students attend
25 a new instructional facility, a school district is entitled to an
26 allotment of \$1,000 for each student in average daily attendance at
27 the facility. For the second school year in which students attend

1 that instructional facility, a school district is entitled to an
2 allotment of \$1,000 for each additional student in average daily
3 attendance at the facility.

4 (e) [~~(c)~~] For purposes of this section, the number of
5 additional students in average daily attendance at a facility is
6 the difference between the number of students in average daily
7 attendance in the current year at that facility and the number of
8 students in average daily attendance at that facility in the
9 preceding year.

10 (f) [~~(d)~~] Subject to Subsection (g) [~~(d-1)~~], the amount
11 appropriated for allotments under this section may not exceed \$25
12 million in a school year. If the total amount of allotments to
13 which districts are entitled under this section for a school year
14 exceeds the amount appropriated under this subsection, the
15 commissioner shall reduce each district's allotment under this
16 section in the manner provided by Section 48.266(f) [~~42.253(h)~~].

17 (g) [~~(d-1)~~] In addition to the appropriation amount
18 described by Subsection (f) [~~(d)~~], the amount of \$1 million may be
19 appropriated each school year to supplement the allotment to which
20 a school district is entitled under this section that may be
21 provided using the appropriation amount described by Subsection (f)
22 [~~(d)~~]. The commissioner shall first apply the funds appropriated
23 under this subsection to prevent any reduction under Subsection (f)
24 [~~(d)~~] in the allotment for attendance at an eligible high school
25 instructional facility, subject to the maximum amount of \$1,000 for
26 each student in average daily attendance. Any funds remaining
27 after preventing all reductions in amounts due for high school

1 instructional facilities may be applied proportionally to all other
2 eligible instructional facilities, subject to the maximum amount of
3 \$1,000 for each student in average daily attendance.

4 ~~[(e) A school district that is required to take action under~~
5 ~~Chapter 41 to reduce its wealth per student to the equalized wealth~~
6 ~~level is entitled to a credit, in the amount of the allotments to~~
7 ~~which the district is entitled under this section, against the~~
8 ~~total amount required under Section 41.093 for the district to~~
9 ~~purchase attendance credits. A school district that is otherwise~~
10 ~~ineligible for state aid under this chapter is entitled to receive~~
11 ~~allotments under this section.~~

12 ~~[(f) The commissioner may adopt rules necessary to~~
13 ~~implement this section.~~

14 ~~[(g) In this section:~~

15 ~~[(1) "Instructional facility" has the meaning~~
16 ~~assigned by Section 46.001.~~

17 ~~[(2) "New instructional facility" includes:~~

18 ~~[(A) a newly constructed instructional facility,~~

19 ~~[(B) a repurposed instructional facility, and~~

20 ~~[(C) a leased facility operating for the first~~
21 ~~time as an instructional facility with a minimum lease term of not~~
22 ~~less than 10 years.]~~

23 SECTION 1.030. Subchapter D, Chapter 48, Education Code, as
24 added by this Act, is amended by adding Section 48.153 to read as
25 follows:

26 Sec. 48.153. DROPOUT RECOVERY SCHOOL ALLOTMENT. For each
27 student in average daily attendance at a school district or

1 open-enrollment charter school or a campus of the district or
2 school designated as a dropout recovery school under Section
3 39.0548, the district or school is entitled to \$275.

4 SECTION 1.031. Section 42.106, Education Code, is
5 transferred to Subchapter D, Chapter 48, Education Code, as added
6 by this Act, redesignated as Section 48.154, and amended to read as
7 follows:

8 Sec. 48.154 [~~42.106~~]. TUITION ALLOTMENT FOR DISTRICTS NOT
9 OFFERING ALL GRADE LEVELS. A school district that contracts for
10 students residing in the district to be educated in another
11 district under Section 25.039(a) is entitled to receive an
12 allotment equal to the total amount of tuition required to be paid
13 by the district under Section 25.039, not to exceed the amount
14 specified by commissioner rule under Section 25.039(b).

15 SECTION 1.032. Subchapter D, Chapter 48, Education Code, as
16 added by this Act, is amended by adding Sections 48.155, 48.156, and
17 48.157 to read as follows:

18 Sec. 48.155. COLLEGE PREPARATION ASSESSMENT REIMBURSEMENT.
19 A school district is entitled to reimbursement for the amount of
20 fees paid by the district for the administration of an assessment
21 instrument under Section 39.0261(a)(3).

22 Sec. 48.156. CERTIFICATION EXAMINATION REIMBURSEMENT. A
23 school district is entitled to reimbursement for the amount of a
24 subsidy paid by the district for a student's certification
25 examination under Section 29.190(a) as provided by Section
26 29.190(c).

27 Sec. 48.157. TEACHER INCENTIVE FEE REIMBURSEMENT. A school

1 district is entitled to reimbursement for any fee paid under
2 Subchapter P, Chapter 21, or membership fees paid to the National
3 Board for Professional Standards for the purpose of Section
4 21.753(b).

5 SECTION 1.033. Chapter 48, Education Code, as added by this
6 Act, is amended by adding Subchapter E, and a heading is added to
7 that subchapter to read as follows:

8 SUBCHAPTER E. TIER TWO ENTITLEMENT

9 SECTION 1.034. Sections 42.301, 42.302, 42.303, and 42.304,
10 Education Code, are transferred to Subchapter E, Chapter 48,
11 Education Code, as added by this Act, redesignated as Sections
12 48.201, 48.202, 48.203, and 48.204, Education Code, and amended to
13 read as follows:

14 Sec. 48.201 [~~42.301~~]. PURPOSE. The purpose of the tier
15 two [~~guaranteed yield~~] component of the Foundation School Program
16 is to provide each school district with the opportunity to provide
17 the basic program and to supplement that program at a level of its
18 own choice. An allotment under this subchapter may be used for any
19 legal purpose other than capital outlay or debt service.

20 Sec. 48.202 [~~42.302~~]. TIER TWO ALLOTMENT. (a) Each school
21 district is guaranteed a specified amount per weighted student in
22 state and local funds for each cent of tax effort over that required
23 for the district's local fund assignment up to the maximum level
24 specified in this subchapter. The amount of state support, subject
25 only to the maximum amount under Section 48.203 [~~42.303~~], is
26 determined by the formula:

27
$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

1 where:

2 "GYA" is the guaranteed yield amount of state funds to be
3 allocated to the district;

4 "GL" is the dollar amount guaranteed level of state and local
5 funds per weighted student per cent of tax effort, which is an
6 amount described by Subsection (a-1) or a greater amount for any
7 year provided by appropriation;

8 "WADA" is the number of students in weighted average daily
9 attendance, which is calculated by dividing the sum of the school
10 district's allotments under Subchapters B and C [~~, less any~~
11 ~~allotment to the district for transportation, any allotment under~~
12 ~~Section 42.158 or 42.160, and 50 percent of the adjustment under~~
13 ~~Section 42.102,~~] by the basic allotment for the applicable year;

14 "DTR" is the district enrichment tax rate of the school
15 district, which is determined by subtracting the amounts specified
16 by Subsection (b) from the total amount of maintenance and
17 operations taxes collected by the school district for the
18 applicable school year and dividing the difference by the quotient
19 of the district's taxable value of property as determined under
20 Subchapter M, Chapter 403, Government Code, or, if applicable,
21 under Section 48.258 [~~42.2521~~], divided by 100; and

22 "LR" is the local revenue, which is determined by multiplying
23 "DTR" by the quotient of the district's taxable value of property as
24 determined under Subchapter M, Chapter 403, Government Code, or, if
25 applicable, under Section 48.258 [~~42.2521~~], divided by 100.

26 (a-1) For purposes of Subsection (a), the dollar amount
27 guaranteed level of state and local funds per weighted student per

1 cent of tax effort ("GL") for a school district is:

2 (1) ~~[the greater of the amount of district tax revenue~~
3 ~~per weighted student per cent of tax effort that would be available~~
4 ~~to the Austin Independent School District, as determined by the~~
5 ~~commissioner in cooperation with the Legislative Budget Board, if~~
6 ~~the reduction of the limitation on tax increases as provided by~~
7 ~~Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or]~~
8 the amount that results from multiplying 5,880, or the greater
9 amount provided under Section 48.051(b), if applicable, by 0.016
10 ~~[of district tax revenue per weighted student per cent of tax effort~~
11 ~~used for purposes of this subdivision in the preceding school~~
12 ~~year]~~, for the first six cents by which the district's maintenance
13 and operations tax rate exceeds the district's tier one tax rate
14 ~~[equal to the sum of the product of the state compression~~
15 ~~percentage, as determined under Section 42.2516, multiplied by the~~
16 ~~maintenance and operations tax rate adopted by the district for the~~
17 ~~2005 tax year and any additional tax effort included in calculating~~
18 ~~the district's compressed tax rate under Section 42.101(a-1)]~~; and

19 (2) subject to Subsection (f), the amount that results
20 from multiplying 5,880, or the greater amount provided under
21 Section 48.051(b), if applicable, by 0.008 ~~[\$31.95]~~, for the
22 district's maintenance and operations tax effort that exceeds the
23 amount of tax effort described by Subdivision (1).

24 (a-2) The limitation on district enrichment tax rate
25 ("DTR") under Section 48.203 ~~[42.303]~~ does not apply to the
26 district's maintenance and operations tax effort described by
27 Subsection (a-1)(1).

1 (b) In computing the district enrichment tax rate of a
2 school district, the total amount of maintenance and operations
3 taxes collected by the school district does not include the amount
4 of:

5 (1) the district's local fund assignment under Section
6 48.256 [~~42.252~~]; or

7 (2) taxes paid into a tax increment fund under Chapter
8 311, Tax Code.

9 (c) For purposes of this section, school district taxes for
10 which credit is granted under Section 31.035, 31.036, or 31.037,
11 Tax Code, are considered taxes collected by the school district as
12 if the taxes were paid when the credit for the taxes was granted.

13 (d) For purposes of this section, the total amount of
14 maintenance and operations taxes collected for an applicable school
15 year by a school district with alternate tax dates, as authorized by
16 Section 26.135, Tax Code, is the amount of taxes collected on or
17 after January 1 of the year in which the school year begins and not
18 later than December 31 of the same year.

19 (e) For purposes of this section, school district taxes for
20 which credit is granted under former Subchapter D, Chapter 313, Tax
21 Code, are considered taxes collected by the school district as if
22 the taxes were paid when the credit for the taxes was granted.

23 (f) For a school year in which the dollar amount guaranteed
24 level of state and local funds per weighted student per cent of tax
25 effort ("GL") under Subsection (a-1)(2) exceeds the dollar amount
26 guaranteed level of state and local funds per weighted student per
27 cent of tax effort ("GL") under Subsection (a-1)(2) for the

1 preceding school year, a school district shall reduce the
2 district's tax rate under Section 45.0032(b)(2) for the tax year
3 that corresponds to that school year to a rate that results in the
4 amount of state and local funds per weighted student per cent of tax
5 effort available to the district at the dollar amount guaranteed
6 level for the preceding school year. A school district is not
7 entitled to the amount equal to the increase of revenue described by
8 this subsection for the school year for which the district must
9 reduce the district's tax rate. Unless Section 26.08(a-1), Tax
10 Code, applies to the district, for a tax year in which a district
11 must reduce the district's tax rate under this subsection, the
12 district may not increase the district's maintenance and operations
13 tax rate to a rate that exceeds the maximum maintenance and
14 operations tax rate permitted under Section 45.003(d) or (f), as
15 applicable, minus the reduction of tax effort required under this
16 subsection. This subsection does not apply if the amount of state
17 funds appropriated for a school year specifically excludes the
18 amount necessary to provide the dollar amount guaranteed level of
19 state and local funds per weighted student per cent of tax effort
20 under Subsection (a-1)(2) [If a school district imposes a
21 maintenance and operations tax at a rate greater than the rate equal
22 to the product of the state compression percentage, as determined
23 under Section 42.2516, multiplied by the maintenance and operations
24 tax rate adopted by the district for the 2005 tax year, the district
25 is entitled to receive an allotment under this section on the basis
26 of that greater tax effort].

27 (f-1) For the 2019 tax year, Subsection (f) applies to a

1 district's maintenance and operations tax rate after adjusting the
2 district's rate in accordance with Section 45.0032. This
3 subsection expires September 1, 2020.

4 Sec. 48.203 [~~42.303~~]. LIMITATION ON ENRICHMENT TAX RATE.
5 The district enrichment tax rate ("DTR") under Section 48.202
6 [~~42.302~~] may not exceed the amount per \$100 of valuation by which
7 the maximum rate permitted under Section 45.003 exceeds the rate
8 used to determine the district's local share under Section 48.256
9 [~~42.252~~], or a greater amount for any year provided by
10 appropriation.

11 Sec. 48.204 [~~42.304~~]. COMPUTATION OF AID FOR DISTRICT ON
12 MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under
13 this subchapter for a school district located on a federal military
14 installation or at Moody State School is computed using the average
15 tax rate and property value per student of school districts in the
16 county, as determined by the commissioner.

17 SECTION 1.035. Chapter 48, Education Code, as added by this
18 Act, is amended by adding Subchapter F, and a heading is added to
19 that subchapter to read as follows:

20 SUBCHAPTER F. FINANCING THE PROGRAM

21 SECTION 1.036. Sections 42.251, 42.2511, 42.2514, 42.2515,
22 and 42.2516, Education Code, are transferred to Subchapter F,
23 Chapter 48, Education Code, as added by this Act, redesignated as
24 Sections 48.251, 48.252, 48.253, 48.254, and 48.255, Education
25 Code, and amended to read as follows:

26 Sec. 48.251 [~~42.251~~]. FINANCING; GENERAL RULE. (a) The
27 cost of the Foundation School Program for a school district is the

1 total sum of:

2 (1) the sum of the tier one allotments and other

3 funding as follows:

4 (A) the basic allotment under Subchapter B;

5 (B) [and] the student-based [special] allotments

6 under Subchapter C; and

7 (C) the additional funding under Subchapter D;

8 and

9 (2) [~~, computed in accordance with this chapter,~~

10 ~~constitute the tier one allotments. The sum of the tier one~~

11 ~~allotments and] the tier two allotment [guaranteed yield~~

12 ~~allotments] under Subchapter E.~~

13 (b) The sum of the Foundation School Program maintenance and

14 operations costs for all accredited school districts in this state

15 constitutes [~~F, computed in accordance with this chapter,~~

16 ~~constitute] the total maintenance and operations cost of the~~

17 Foundation School Program.

18 (c) [~~(b)] The program shall be financed by:~~

19 (1) state available school funds distributed in

20 accordance with the law [~~ad valorem tax revenue generated by an~~

21 ~~equalized uniform school district effort];~~

22 (2) ad valorem tax revenue generated by local school

23 district effort [~~in excess of the equalized uniform school district~~

24 ~~effort]; and~~

25 (3) [~~state available school funds distributed in~~

26 ~~accordance with law; and~~

27 [~~(4)~~] state funds appropriated for the purposes of

1 public school education and allocated to each district in an amount
2 sufficient to finance the cost of each district's Foundation School
3 Program not covered by other funds specified in this subsection.

4 Sec. 48.252 [~~42.2511~~]. SCHOOL DISTRICT ENTITLEMENT FOR
5 CERTAIN STUDENTS. (a) This section applies only to:

6 (1) a school district and an open-enrollment charter
7 school that enter into a contract to operate a district campus as
8 provided by Section 11.174; and

9 (2) a charter granted by a school district for a
10 program operated by an entity that has entered into a contract under
11 Section 11.174, provided that the district does not appoint a
12 majority of the governing body of the charter holder.

13 (b) Notwithstanding any other provision of this chapter or
14 Chapter 49 [~~41~~], a school district subject to this section is
15 entitled to receive for each student in average daily attendance at
16 the campus described by Subsection (a) an amount equivalent to the
17 difference, if the difference results in increased funding,
18 between:

19 (1) the amount described by Section 12.106; and

20 (2) the amount to which the district would be entitled
21 under this chapter.

22 (c) The commissioner shall adopt rules as necessary to
23 administer this section.

24 Sec. 48.253 [~~42.2514~~]. ADDITIONAL STATE AID FOR TAX
25 INCREMENT FINANCING PAYMENTS. For each school year, a school
26 district[~~, including a school district that is otherwise ineligible~~
27 ~~for state aid under this chapter,~~] is entitled to state aid in an

1 amount equal to the amount the district is required to pay into the
2 tax increment fund for a reinvestment zone under Section
3 311.013(n), Tax Code.

4 Sec. 48.254 ~~[42.2515]~~. ADDITIONAL STATE AID FOR AD VALOREM
5 TAX CREDITS UNDER TEXAS ECONOMIC DEVELOPMENT ACT. ~~[(a)]~~ For each
6 school year, a school district, including a school district that is
7 otherwise ineligible for state aid under this chapter, is entitled
8 to state aid in an amount equal to the amount of all tax credits
9 credited against ad valorem taxes of the district in that year under
10 former Subchapter D, Chapter 313, Tax Code.

11 ~~[(b) The commissioner may adopt rules to implement and~~
12 ~~administer this section.]~~

13 Sec. 48.255 ~~[42.2516]~~. STATE COMPRESSION PERCENTAGE. (a)
14 In this title, "state compression percentage" means the percentage
15 of the rate of \$1.00 per \$100 valuation of taxable property at which
16 a school district must levy a [district's adopted] maintenance and
17 operations tax to receive the full amount of the tier one allotment
18 to which the district is entitled under this chapter.

19 (b) The ~~[tax rate for the 2005 tax year that serves as the~~
20 ~~basis for state funding. If the]~~ state compression percentage is:

21 (1) 92 percent; or

22 (2) a lower percentage set ~~[not established]~~ by
23 appropriation for a school year ~~[, the commissioner shall determine~~
24 ~~the state compression percentage for each school year based on the~~
25 ~~percentage by which a district is able to reduce the district's~~
26 ~~maintenance and operations tax rate for that year, as compared to~~
27 ~~the district's adopted maintenance and operations tax rate for the~~

1 ~~2005 tax year, as a result of state funds appropriated for that year~~
2 ~~from the property tax relief fund established under Section~~
3 ~~403.109, Government Code, or from another funding source available~~
4 ~~for school district property tax relief.~~

5 ~~[(g) The commissioner may adopt rules necessary to~~
6 ~~implement this section.~~

7 ~~[(h) A determination by the commissioner under this section~~
8 ~~is final and may not be appealed].~~

9 SECTION 1.037. Effective September 1, 2020, Section
10 42.2516, Education Code, is transferred to Subchapter F, Chapter
11 48, Education Code, as added by this Act, redesignated as Section
12 48.255, Education Code, and amended to read as follows:

13 Sec. 48.255 ~~[42.2516]~~. STATE COMPRESSION PERCENTAGE. (a)
14 In this title, "state compression percentage" means the percentage
15 of the rate of \$1.00 per \$100 valuation of taxable property at which
16 a school district must levy a ~~[district's adopted]~~ maintenance and
17 operations tax to receive the full amount of the tier one allotment
18 to which the district is entitled under this chapter.

19 (b) The ~~[tax rate for the 2005 tax year that serves as the~~
20 ~~basis for state funding. If the]~~ state compression percentage is:

21 (1) 100 percent; or

22 (2) a lower percentage set ~~[not established]~~ by
23 appropriation for a school year ~~[, the commissioner shall determine~~
24 ~~the state compression percentage for each school year based on the~~
25 ~~percentage by which a district is able to reduce the district's~~
26 ~~maintenance and operations tax rate for that year, as compared to~~
27 ~~the district's adopted maintenance and operations tax rate for the~~

1 ~~2005 tax year, as a result of state funds appropriated for that year~~
2 ~~from the property tax relief fund established under Section~~
3 ~~403.109, Government Code, or from another funding source available~~
4 ~~for school district property tax relief.~~

5 ~~[(g) The commissioner may adopt rules necessary to~~
6 ~~implement this section.~~

7 ~~[(h) A determination by the commissioner under this section~~
8 ~~is final and may not be appealed].~~

9 SECTION 1.038. Section 42.252, Education Code, is
10 transferred to Subchapter F, Chapter 48, Education Code, as added
11 by this Act, redesignated as Section 48.256, Education Code, and
12 amended to read as follows:

13 Sec. 48.256 ~~[42.252]~~. LOCAL SHARE OF PROGRAM COST (TIER
14 ONE). (a) Each school district's share of the Foundation School
15 Program is determined by the following formula:

$$\text{LFA} = \text{TR} \times \text{DPV}$$

17 where:

18 "LFA" is the school district's local share;

19 "TR" is the school district's adopted tier one maintenance
20 and operations [a] tax rate, as described by Section 45.0032(a)
21 ~~[which] for each hundred dollars of valuation [is an effective tax~~
22 ~~rate of the amount equal to the product of the state compression~~
23 ~~percentage, as determined under Section 42.2516, multiplied by the~~
24 ~~lesser of:~~

25 ~~[(1) \$1.50, or~~

26 ~~[(2) the maintenance and operations tax rate adopted~~
27 ~~by the district for the 2005 tax year]; and~~

1 "DPV" is the taxable value of property in the school district
2 for the current ~~[preceding]~~ tax year determined under Subchapter M,
3 Chapter 403, Government Code.

4 ~~[(a-1) Notwithstanding Subsection (a), for a school~~
5 ~~district that adopted a maintenance and operations tax rate for the~~
6 ~~2005 tax year below the maximum rate permitted by law for that year,~~
7 ~~the district's tax rate ("TR") includes the tax effort included in~~
8 ~~calculating the district's compressed tax rate under Section~~
9 ~~42.101(a-1).]~~

10 (b) The commissioner shall adjust the values reported by ~~[in~~
11 ~~the official report of]~~ the comptroller ~~[as required by Section~~
12 ~~5.09(a), Tax Code,]~~ to reflect reductions in taxable value of
13 property resulting from natural or economic disaster ~~[after January~~
14 ~~1]~~ in the year in which the valuations are determined. The decision
15 of the commissioner is final. An adjustment does not affect the
16 local fund assignment of any other school district.

17 (c) Appeals of district values shall be held pursuant to
18 Section 403.303, Government Code.

19 ~~[(d) A school district must raise its total local share of~~
20 ~~the Foundation School Program to be eligible to receive foundation~~
21 ~~school fund payments.]~~

22 SECTION 1.039. Subchapter F, Chapter 48, Education Code, as
23 added by this Act, is amended by adding Section 48.257 to read as
24 follows:

25 Sec. 48.257. LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT.

26 (a) Subject to Subsection (b), if a school district's tier one
27 revenue level, which is the district's tier one local share under

1 Section 48.256, exceeds the district's entitlement under Section
2 48.266(a)(1) less the district's distribution from the state
3 available school fund, the district must reduce the district's tier
4 one revenue level in accordance with Chapter 49 to a level not to
5 exceed the district's entitlement under Section 48.266(a)(1) less
6 the district's distribution from the state available school fund.

7 (b) This subsection applies only to a school district to
8 which Subsection (a) applies. If the sum of a district's
9 maintenance and operations tax collections from the tax rate
10 described by Section 45.0032(a) for the current tax year minus the
11 district's tier one revenue level under Subsection (a) is less than
12 the amount of the district's entitlement under Section
13 48.266(a)(1), the agency shall adjust the amount of the district's
14 tier one revenue level under Subsection (a) to ensure that the
15 district retains the amount of local funds necessary for the
16 district's entitlement under Section 48.266(a)(1).

17 (c) For purposes of Subsection (a), state aid to which a
18 district is entitled under this chapter that is not described by
19 Section 48.266(a)(1), (2), or (3) may offset the amount by which a
20 district must reduce the district's tier one revenue level under
21 Subsection (a). Any amount of state aid used as an offset under this
22 subsection shall reduce the amount of state aid to which the
23 district is entitled.

24 (d) Except as provided by Subsection (e), a school district
25 is entitled to retain the total amount of the district's tier two
26 local share described by Section 48.266(a)(5)(A).

27 (e) In any school year for which the amount of state funds

1 appropriated specifically excludes the amount necessary to provide
2 the dollar amount guaranteed level of state and local funds per
3 weighted student per cent of tax effort under Section
4 48.202(a-1)(1), a district may only retain the amount of the
5 district's tier two local share described by Section
6 48.266(a)(5)(A) equal to the amount of revenue that would be
7 generated based on the amount appropriated for the dollar amount
8 guaranteed level of state and local funds.

9 (f) If the amount of a school district's tier two local
10 share described by Section 48.266(a)(5)(B) to which a district is
11 entitled exceeds the amount described by Section 48.202(a-1)(2),
12 the district must reduce the district's revenue in accordance with
13 Chapter 49 to a level not to exceed the amount described by Section
14 48.202 (a-1)(2).

15 SECTION 1.040. Sections 42.2521, 42.2522, 42.2523,
16 42.2524, 42.2525, 42.2526, 42.2527, 42.2528, 42.253, 42.2531,
17 42.2532, 42.254, 42.255, 42.257, 42.258, 42.259, 42.2591, and
18 42.260, Education Code, are transferred to Subchapter F, Chapter
19 48, Education Code, as added by this Act, redesignated as Sections
20 48.258, 48.259, 48.260, 48.261, 48.262, 48.263, 48.264, 48.265,
21 48.266, 48.267, 48.268, 48.269, 48.270, 48.271, 48.272, 48.273,
22 48.274, and 48.275, Education Code, and amended to read as follows:

23 Sec. 48.258 [~~42.2521~~]. ADJUSTMENT FOR RAPID DECLINE IN
24 TAXABLE VALUE OF PROPERTY. (a) For purposes of Chapters [~~41 and~~
25 46 and 49 and this chapter, and to the extent money specifically
26 authorized to be used under this section is available, the
27 commissioner shall adjust the taxable value of property in a school

1 district that, due to factors beyond the control of the board of
2 trustees, experiences a rapid decline in the tax base used in
3 calculating taxable values in excess of four percent of the tax base
4 used in the preceding year.

5 (b) To the extent that a sufficient amount of money is not
6 available to fund all adjustments under this section, the
7 commissioner shall reduce adjustments in the manner provided by
8 Section 48.266(f) [~~42.253(h)~~] so that the total amount of
9 adjustments equals the amount of money available to fund the
10 adjustments.

11 (c) A decision of the commissioner under this section is
12 final and may not be appealed.

13 Sec. 48.259 [~~42.2522~~]. ADJUSTMENT FOR OPTIONAL HOMESTEAD
14 EXEMPTION. (a) In any school year, the commissioner may not
15 provide funding under this chapter or Chapter 46 based on a school
16 district's taxable value of property computed in accordance with
17 Section 403.302(d)(2), Government Code, unless:

18 (1) funds are specifically appropriated for purposes
19 of this section; or

20 (2) the commissioner determines that the total amount
21 of state funds appropriated for purposes of the Foundation School
22 Program for the school year exceeds the amount of state funds
23 distributed to school districts in accordance with Section 48.266
24 [~~42.253~~] based on the taxable values of property in school
25 districts computed in accordance with Section 403.302(d),
26 Government Code, without any deduction for residence homestead
27 exemptions granted under Section 11.13(n), Tax Code.

1 (b) In making a determination under Subsection (a)(2), the
2 commissioner shall:

3 (1) notwithstanding Section 48.266(b) [~~42.253(b)~~],
4 reduce the entitlement under this chapter of a school district
5 whose final taxable value of property is higher than the estimate
6 under Section 48.269 [~~42.254~~] and make payments to school districts
7 accordingly; and

8 (2) give priority to school districts that, due to
9 factors beyond the control of the board of trustees, experience a
10 rapid decline in the tax base used in calculating taxable values in
11 excess of four percent of the tax base used in the preceding year.

12 (c) In the first year of a state fiscal biennium, before
13 providing funding as provided by Subsection (a)(2), the
14 commissioner shall ensure that sufficient appropriated funds for
15 purposes of the Foundation School Program are available for the
16 second year of the biennium, including funds to be used for purposes
17 of Section 48.258 [~~42.2521~~].

18 (d) If the commissioner determines that the amount of funds
19 available under Subsection (a)(1) or (2) does not at least equal the
20 total amount of state funding to which districts would be entitled
21 if state funding under this chapter were based on the taxable values
22 of property in school districts computed in accordance with Section
23 403.302(d)(2), Government Code, the commissioner may, to the extent
24 necessary, provide state funding based on a uniform lesser fraction
25 of the deduction under Section 403.302(d)(2), Government Code.

26 (e) The commissioner shall notify school districts as soon
27 as practicable as to the availability of funds under this section.

1 For purposes of computing a rollback tax rate under Section 26.08,
2 Tax Code, a district shall adjust the district's tax rate limit to
3 reflect assistance received under this section.

4 Sec. 48.260 [~~42.2523~~]. ADJUSTMENT FOR PROPERTY VALUE
5 AFFECTED BY STATE OF DISASTER. (a) For purposes of Chapters [~~41~~
6 ~~and~~] 46 and 49 and this chapter, the commissioner shall adjust the
7 taxable value of property of a school district all or part of which
8 is located in an area declared a disaster area by the governor under
9 Chapter 418, Government Code, as necessary to ensure that the
10 district receives funding based as soon as possible on property
11 values as affected by the disaster.

12 (b) The commissioner may fund adjustments under this
13 section using funds specifically appropriated for the purpose or
14 other funds available to the commissioner for that purpose.

15 (c) [~~(d)~~] A decision of the commissioner under this section
16 is final and may not be appealed.

17 Sec. 48.261 [~~42.2524~~]. REIMBURSEMENT FOR DISASTER
18 REMEDIATION COSTS. (a) This section applies only to a school
19 district all or part of which is located in an area declared a
20 disaster area by the governor under Chapter 418, Government Code,
21 and that incurs disaster remediation costs as a result of the
22 disaster.

23 (b) During the two-year period following the date of the
24 governor's initial proclamation or executive order declaring a
25 state of disaster, a district may apply to the commissioner for
26 reimbursement of disaster remediation costs that the district pays
27 during that period and does not anticipate recovering through

1 insurance proceeds, federal disaster relief payments, or another
2 similar source of reimbursement.

3 (c) The commissioner may provide reimbursement under this
4 section only if funds are available for that purpose from ~~as~~
5 ~~follows~~]:

6 (1) ~~[reimbursement for a school district not required~~
7 ~~to take action under Chapter 41 may be provided from:~~

8 ~~[(A)]~~ amounts appropriated for that purpose,
9 including amounts appropriated for school ~~[those]~~ districts for
10 that purpose to the disaster contingency fund established under
11 Section 418.073, Government Code; or

12 (2) ~~[(B)]~~ Foundation School Program funds available
13 for that purpose, based on a determination by the commissioner that
14 the amount appropriated for the Foundation School Program,
15 including the facilities component as provided by Chapter 46,
16 exceeds the amount to which districts are entitled under this
17 chapter and Chapter 46~~[, and~~

18 ~~[(2) reimbursement for a school district required to~~
19 ~~take action under Chapter 41 may be provided from funds described by~~
20 ~~Subdivision (1)(B) if funds remain available after fully~~
21 ~~reimbursing each school district described by Subdivision (1) for~~
22 ~~its disaster remediation costs].~~

23 (d) ~~[If the amount of money available for purposes of~~
24 ~~reimbursing school districts not required to take action under~~
25 ~~Chapter 41 is not sufficient to fully reimburse each district's~~
26 ~~disaster remediation costs, the commissioner shall reduce the~~
27 ~~amount of assistance provided to each of those districts~~

1 ~~proportionately. If the amount of money available for purposes of~~
2 ~~reimbursing school districts required to take action under Chapter~~
3 ~~41 is not sufficient to fully reimburse each district's disaster~~
4 ~~remediation costs, the commissioner shall reduce the amount of~~
5 ~~assistance provided to each of those districts proportionately.~~

6 ~~[(e)]~~ A district seeking reimbursement under this section
7 must provide the commissioner with adequate documentation of the
8 costs for which the district seeks reimbursement.

9 (e) ~~[(f)] A district required to take action under Chapter~~
10 ~~41.~~

11 ~~[(1)] may, at its discretion, receive assistance~~
12 ~~provided under this section either as a payment of state aid under~~
13 ~~this chapter or as a reduction in the total amount required to be~~
14 ~~paid by the district for attendance credits under Section 41.093,~~
15 ~~and~~

16 ~~[(2)] may not obtain reimbursement under this section~~
17 ~~for the payment of any disaster remediation costs that resulted in a~~
18 ~~reduction under Section 41.0931 of the district's cost of~~
19 ~~attendance credits.~~

20 ~~[(h)]~~ The commissioner shall adopt rules necessary to
21 implement this section, including rules defining "disaster
22 remediation costs" for purposes of this section and specifying the
23 type of documentation required under Subsection (d) ~~[(e)]~~.

24 (f) ~~[(i)]~~ Notwithstanding any other provision of this
25 section, the commissioner may permit a district to use amounts
26 provided to a district under this section to pay the costs of
27 replacing a facility instead of repairing the facility. The

1 commissioner shall ensure that a district that elects to replace a
2 facility does not receive an amount under this section that exceeds
3 the lesser of:

4 (1) the amount that would be provided to the district
5 if the facility were repaired; or

6 (2) the amount necessary to replace the facility.

7 (g) ~~(j)~~ This section does not require the commissioner to
8 provide any requested reimbursement. A decision of the
9 commissioner regarding reimbursement is final and may not be
10 appealed.

11 Sec. 48.262 ~~[42.2525]~~. ADJUSTMENTS FOR CERTAIN DISTRICTS
12 RECEIVING FEDERAL IMPACT AID. The commissioner is granted the
13 authority to ensure that school districts receiving federal impact
14 aid due to the presence of a military installation or significant
15 concentrations of military students do not receive more than an
16 eight percent reduction should the federal government reduce
17 appropriations to those schools.

18 Sec. 48.263 ~~[42.2526]~~. ADJUSTMENT FOR DISTRICT OPERATING
19 PILOT PROGRAM. (a) This section applies only to a school district
20 operating a pilot program authorized by Section 28.0255.

21 (b) Beginning with the first school year that follows the
22 first school year in which students receive high school diplomas
23 under the pilot program authorized by Section 28.0255 and
24 continuing for every subsequent school year that the district
25 operates the pilot program, the commissioner shall provide funding
26 for the district's prekindergarten program under Section 29.153 on
27 a full-day basis for a number of prekindergarten students equal to

1 twice the number of students who received a high school diploma
2 under the pilot program authorized by Section 28.0255 during the
3 preceding school year.

4 (c) This section expires September 1, 2023.

5 Sec. 48.264 [~~42.2527~~]. ADJUSTMENT FOR CERTAIN DISTRICTS
6 WITH EARLY HIGH SCHOOL GRADUATION PROGRAMS. (a) As a pilot program
7 to enable the state to evaluate the benefit of providing additional
8 funding at the prekindergarten level for low-income students, the
9 commissioner shall provide prekindergarten funding in accordance
10 with this section to a school district located in a county that
11 borders the United Mexican States and the Gulf of Mexico.

12 (b) The commissioner shall provide funding for a school
13 district's prekindergarten program on a half-day basis for a number
14 of low-income prekindergarten students equal to twice the number of
15 students who received, as a result of participation in an early high
16 school graduation program operated by the district, a high school
17 diploma from the district during the preceding school year after
18 three years of secondary school attendance.

19 (c) The commissioner may adopt rules necessary to implement
20 this section.

21 (d) This section expires September 1, 2023.

22 Sec. 48.265 [~~42.2528~~]. EXCESS FUNDS FOR VIDEO SURVEILLANCE
23 OF SPECIAL EDUCATION SETTINGS. (a) Notwithstanding any other
24 provision of law, if the commissioner determines that the amount
25 appropriated for the purposes of the Foundation School Program
26 exceeds the amount to which school districts are entitled under
27 this chapter, the commissioner by rule shall establish a grant

1 program through which excess funds are awarded as grants for the
2 purchase of video equipment, or for the reimbursement of costs for
3 previously purchased video equipment, used for monitoring special
4 education classrooms or other special education settings required
5 under Section 29.022.

6 (b) In awarding grants under this section, the commissioner
7 shall give highest priority to districts with maintenance and
8 operations tax rates at the greatest rates permitted by law. The
9 commissioner shall also give priority to:

10 (1) districts with maintenance and operations tax
11 rates at least equal to the state maximum compressed tax rate, as
12 defined by Section 48.051(a) [~~42.101(a)~~], and lowest amounts of
13 maintenance and operations tax revenue per weighted student; and

14 (2) districts with debt service tax rates near or
15 equal to the greatest rates permitted by law.

16 (c) The commissioner may adopt rules to implement and
17 administer this section.

18 Sec. 48.266 [~~42.253~~]. DISTRIBUTION OF FOUNDATION SCHOOL
19 FUND. (a) For each school year the commissioner shall determine:

20 (1) the amount of money to which a school district is
21 entitled under Subchapters B, ~~[and]~~ C, and D;

22 (2) the amount of money to which a school district is
23 entitled under Subchapter E [~~F~~];

24 (3) the amount of money allocated to the district from
25 the available school fund;

26 (4) the amount of each district's tier one local share
27 under Section 48.256 [~~42.252~~]; and

1 (5) the amount of each district's tier two local share
2 under Section 48.202 for:

3 (A) the district's maintenance and operations
4 tax effort described by Section 48.202(a-1)(1); and

5 (B) the district's maintenance and operations
6 tax effort described by Section 48.202(a-1)(2) [42.302].

7 (b) Except as provided by this subsection, the commissioner
8 shall base the determinations under Subsection (a) on the estimates
9 provided to the legislature under Section 48.269 [~~42.254~~], or, if
10 the General Appropriations Act provides estimates for that purpose,
11 on the estimates provided under that Act, for each school district
12 for each school year. The commissioner shall reduce the
13 entitlement of each district that has a final taxable value of
14 property for the second year of a state fiscal biennium that is
15 higher than the estimate under Section 48.269 [~~42.254~~] or the
16 General Appropriations Act, as applicable. A reduction under this
17 subsection may not reduce the district's entitlement below the
18 amount to which it is entitled at its actual taxable value of
19 property.

20 (c) Each school district is entitled to an amount equal to
21 the difference for that district between the sum of Subsections
22 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
23 (a)(5).

24 (d) The commissioner shall approve warrants to each school
25 district equaling the amount of its entitlement except as provided
26 by this section. Warrants for all money expended according to this
27 chapter shall be approved and transmitted to treasurers or

1 depositories of school districts in the same manner that warrants
2 for state payments are transmitted. The total amount of the
3 warrants issued under this section may not exceed the total amount
4 appropriated for Foundation School Program purposes for that fiscal
5 year.

6 (e) [~~(g)~~] If a school district demonstrates to the
7 satisfaction of the commissioner that the estimate of the
8 district's tax rate, student enrollment, or taxable value of
9 property used in determining the amount of state funds to which the
10 district is entitled are so inaccurate as to result in undue
11 financial hardship to the district, the commissioner may adjust
12 funding to that district in that school year to the extent that
13 funds are available for that year.

14 (f) [~~(h)~~] If the amount appropriated for the Foundation
15 School Program for the second year of a state fiscal biennium is
16 less than the amount to which school districts and open-enrollment
17 charter schools are entitled for that year, the commissioner shall
18 certify the amount of the difference to the Legislative Budget
19 Board not later than January 1 of the second year of the state
20 fiscal biennium. The Legislative Budget Board shall propose to the
21 legislature that the certified amount be transferred to the
22 foundation school fund from the economic stabilization fund and
23 appropriated for the purpose of increases in allocations under this
24 subsection. If the legislature fails during the regular session to
25 enact the proposed transfer and appropriation and there are not
26 funds available under Subsection (h) [~~(j)~~], the commissioner shall
27 adjust the total amounts due to each school district and

1 open-enrollment charter school under this chapter and the total
2 amounts necessary for each school district to comply with the
3 requirements of Chapter 49 [~~41~~] by an amount determined by applying
4 to each district and school the same percentage adjustment to the
5 total amount of state and local revenue due to the district or
6 school under this chapter and Chapter 49 [~~41~~] so that the total
7 amount of the adjustment to all districts and schools results in an
8 amount equal to the total adjustment necessary. The following
9 fiscal year:

10 (1) a district's or school's entitlement under this
11 section is increased by an amount equal to the adjustment made
12 under this subsection; and

13 (2) the amount necessary for a district to comply with
14 the requirements of Chapter 49 [~~41~~] is reduced by an amount
15 necessary to ensure a district's full recovery of the adjustment
16 made under this subsection.

17 (g) [~~(i)~~] Not later than March 1 each year, the commissioner
18 shall determine the actual amount of state funds to which each
19 school district is entitled under the allocation formulas in this
20 chapter for the current school year and shall compare that amount
21 with the amount of the warrants issued to each district for that
22 year. If the amount of the warrants differs from the amount to
23 which a district is entitled because of variations in the
24 district's tax rate, student enrollment, or taxable value of
25 property, the commissioner shall adjust the district's entitlement
26 for the next fiscal year accordingly.

27 (h) [~~(j)~~] The legislature may appropriate funds necessary

1 for increases under Subsection (g) [~~(i)~~] from funds that the
2 comptroller, at any time during the fiscal year, finds are
3 available.

4 (i) [~~(k)~~] The commissioner shall compute for each school
5 district the total amount by which the district's allocation of
6 state funds is increased or reduced under Subsection (g) [~~(i)~~] and
7 shall certify that amount to the district.

8 Sec. 48.267 [~~42.2531~~]. ADJUSTMENT BY COMMISSIONER. (a)
9 The commissioner may make adjustments to amounts due to a school
10 district under this chapter or Chapter 46, or to amounts necessary
11 for a district to comply with the requirements of Chapter 49 [~~41~~],
12 as provided by this section.

13 (b) A school district that has a major taxpayer, as
14 determined by the commissioner, that because of a protest of the
15 valuation of the taxpayer's property fails to pay all or a portion
16 of the ad valorem taxes due to the district may apply to the
17 commissioner to have the district's taxable value of property or ad
18 valorem tax collections adjusted for purposes of this chapter or
19 Chapter [~~41-or~~] 46 or 49. The commissioner may make the adjustment
20 only to the extent the commissioner determines that making the
21 adjustment will not:

22 (1) in the fiscal year in which the adjustment is made,
23 cause the amount to which school districts are entitled under this
24 chapter to exceed the amount appropriated for purposes of the
25 Foundation School Program for that year; and

26 (2) if the adjustment is made in the first year of a
27 state fiscal biennium, cause the amount to which school districts

1 are entitled under this chapter for the second year of the biennium
2 to exceed the amount appropriated for purposes of the Foundation
3 School Program for that year.

4 (c) The commissioner shall recover the benefit of any
5 adjustment made under this section by making offsetting adjustments
6 in the school district's taxable value of property or ad valorem tax
7 collections for purposes of this chapter or Chapter [~~41 or~~] 46 or 49
8 on a final determination of the taxable value of property that was
9 the basis of the original adjustment, or in the second school year
10 following the year in which the adjustment is made, whichever is
11 earlier.

12 (d) This section does not require the commissioner to make
13 any requested adjustment. A determination by the commissioner
14 under this section is final and may not be appealed.

15 Sec. 48.268 [~~42.2532~~]. ADJUSTMENT FOR RESOLUTION OF
16 DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE
17 SCHOOL DISTRICTS. The commissioner shall adjust the amounts due to
18 a school district under this chapter and Chapter 46 as necessary to
19 account for the resolution of a dispute or error involving the
20 district and another district by an agreement between the districts
21 entered into under Section 31.112(c), Tax Code, or by a final order
22 of the supreme court entered under Section 72.010, Local Government
23 Code.

24 Sec. 48.269 [~~42.254~~]. ESTIMATES REQUIRED. (a) Not later
25 than October 1 of each even-numbered year:

26 (1) the agency shall submit to the legislature an
27 estimate of the tax rate and student enrollment of each school

1 district for the following biennium; and

2 (2) the comptroller shall submit to the legislature an
3 estimate of the total taxable value of all property in the state as
4 determined under Subchapter M, Chapter 403, Government Code, for
5 the following biennium.

6 (b) The agency and the comptroller shall update the
7 information provided to the legislature under Subsection (a) not
8 later than March 1 of each odd-numbered year.

9 Sec. 48.270 [~~42.255~~]. FALSIFICATION OF RECORDS; REPORT.
10 When, in the opinion of the agency's director of school audits,
11 audits or reviews of accounting, enrollment, or other records of a
12 school district reveal deliberate falsification of the records, or
13 violation of the provisions of this chapter, through which the
14 district's share of state funds allocated under the authority of
15 this chapter would be, or has been, illegally increased, the
16 director shall promptly and fully report the fact to the State Board
17 of Education, the state auditor, and the appropriate county
18 attorney, district attorney, or criminal district attorney.

19 Sec. 48.271 [~~42.257~~]. EFFECT OF APPRAISAL APPEAL. (a) If
20 the final determination of an appeal under Chapter 42, Tax Code,
21 results in a reduction in the taxable value of property that exceeds
22 five percent of the total taxable value of property in the school
23 district for the same tax year determined under Subchapter M,
24 Chapter 403, Government Code, the commissioner shall request the
25 comptroller to adjust its taxable property value findings for that
26 year consistent with the final determination of the appraisal
27 appeal.

1 (b) If the district would have received a greater amount
2 from the foundation school fund for the applicable school year
3 using the adjusted value, the commissioner shall add the difference
4 to subsequent distributions to the district from the foundation
5 school fund. An adjustment does not affect the local fund
6 assignment of any other district.

7 Sec. 48.272 [~~42.258~~]. RECOVERY OF OVERALLOCATED FUNDS.

8 (a) If a school district has received an overallocation of state
9 funds, the agency shall, by withholding from subsequent allocations
10 of state funds for the current or subsequent school year or by
11 requesting and obtaining a refund, recover from the district an
12 amount equal to the overallocation.

13 (b) [~~(a-1)~~] Notwithstanding Subsection (a), the agency may
14 recover an overallocation of state funds over a period not to exceed
15 the subsequent five school years if the commissioner determines
16 that the overallocation was the result of exceptional circumstances
17 reasonably caused by statutory changes to Chapter [~~41-or~~] 46 or 49
18 or this chapter and related reporting requirements.

19 (c) [~~(b)~~] If a district fails to comply with a request for a
20 refund under Subsection (a), the agency shall certify to the
21 comptroller that the amount constitutes a debt for purposes of
22 Section 403.055, Government Code. The agency shall provide to the
23 comptroller the amount of the overallocation and any other
24 information required by the comptroller. The comptroller may
25 certify the amount of the debt to the attorney general for
26 collection.

27 (d) [~~(c)~~] Any amounts recovered under this section shall be

1 deposited in the foundation school fund.

2 (e) The agency may review a school district as necessary to
3 determine if the district qualifies for each allotment received by
4 the district under this chapter. If the agency determines that a
5 school district received an allotment to which the district was not
6 entitled, the agency may establish a corrective action plan or
7 withhold the applicable amount of funding from the district.

8 Sec. 48.273 [~~42.259~~]. FOUNDATION SCHOOL FUND TRANSFERS.

9 (a) In this section:

10 (1) "Category 1 school district" means a school
11 district having a wealth per student of less than one-half of the
12 statewide average wealth per student.

13 (2) "Category 2 school district" means a school
14 district having a wealth per student of at least one-half of the
15 statewide average wealth per student but not more than the
16 statewide average wealth per student.

17 (3) "Category 3 school district" means a school
18 district having a wealth per student of more than the statewide
19 average wealth per student.

20 (4) "Wealth per student" means the taxable property
21 values reported by the comptroller to the commissioner under
22 Section 48.256 [~~42.252~~] divided by the number of students in
23 average daily attendance.

24 (b) Payments from the foundation school fund to each
25 category 1 school district shall be made as follows:

26 (1) 15 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of September of a fiscal year;

2 (2) 80 percent of the yearly entitlement of the
3 district shall be paid in eight equal installments to be made on or
4 before the 25th day of October, November, December, January, March,
5 May, June, and July; and

6 (3) five percent of the yearly entitlement of the
7 district shall be paid in an installment to be made on or before the
8 25th day of February.

9 (c) Payments from the foundation school fund to each
10 category 2 school district shall be made as follows:

11 (1) 22 percent of the yearly entitlement of the
12 district shall be paid in an installment to be made on or before the
13 25th day of September of a fiscal year;

14 (2) 18 percent of the yearly entitlement of the
15 district shall be paid in an installment to be made on or before the
16 25th day of October;

17 (3) 9.5 percent of the yearly entitlement of the
18 district shall be paid in an installment to be made on or before the
19 25th day of November;

20 (4) 7.5 percent of the yearly entitlement of the
21 district shall be paid in an installment to be made on or before the
22 25th day of April;

23 (5) five percent of the yearly entitlement of the
24 district shall be paid in an installment to be made on or before the
25 25th day of May;

26 (6) 10 percent of the yearly entitlement of the
27 district shall be paid in an installment to be made on or before the

1 25th day of June;

2 (7) 13 percent of the yearly entitlement of the
3 district shall be paid in an installment to be made on or before the
4 25th day of July; and

5 (8) 15 percent of the yearly entitlement of the
6 district shall be paid in an installment to be made on or before the
7 25th day of August.

8 (d) Payments from the foundation school fund to each
9 category 3 school district shall be made as follows:

10 (1) 45 percent of the yearly entitlement of the
11 district shall be paid in an installment to be made on or before the
12 25th day of September of a fiscal year;

13 (2) 35 percent of the yearly entitlement of the
14 district shall be paid in an installment to be made on or before the
15 25th day of October; and

16 (3) 20 percent of the yearly entitlement of the
17 district shall be paid in an installment to be made on or before the
18 25th day of August.

19 (e) The amount of any installment required by this section
20 may be modified to provide a school district with the proper amount
21 to which the district may be entitled by law and to correct errors
22 in the allocation or distribution of funds. If an installment under
23 this section is required to be equal to other installments, the
24 amount of other installments may be adjusted to provide for that
25 equality. A payment under this section is not invalid because it is
26 not equal to other installments.

27 (f) Previously unpaid additional funds from prior fiscal

1 years owed to a district shall be paid to the district together with
2 the September payment of the current fiscal year entitlement.

3 (g) The commissioner shall make all annual Foundation
4 School Program payments under this section for purposes described
5 by Sections 45.252(a)(1) and (2) before the deadline established
6 under Section 45.263(b) for payment of debt service on
7 bonds. Notwithstanding any other provision of this section, the
8 commissioner may make Foundation School Program payments under this
9 section after the deadline established under Section 45.263(b) only
10 if the commissioner has not received notice under Section 45.258
11 concerning a district's failure or inability to pay matured
12 principal or interest on bonds.

13 Sec. 48.274 [~~42.2591~~]. FOUNDATION SCHOOL FUND TRANSFERS
14 TO CERTAIN CHARTER SCHOOLS. (a) On the request of an
15 open-enrollment charter school, the commissioner shall compare the
16 student enrollment of the open-enrollment charter school for the
17 current school year to the student enrollment of the school during
18 the preceding school year. If the number of students enrolled at
19 the open-enrollment charter school for the current school year has
20 increased by 10 percent or more from the number of students enrolled
21 during the preceding school year, the open-enrollment charter
22 school may request that payments from the foundation school fund to
23 the school for the following school year and each subsequent school
24 year, subject to Subsection (b), be made according to the schedule
25 provided under Subsection (c).

26 (b) An open-enrollment charter school that qualifies to
27 receive funding as provided by this section is entitled to receive

1 funding in that manner for three school years. On the expiration
2 of that period, the commissioner shall determine the eligibility of
3 the open-enrollment charter school to continue receiving payments
4 from the foundation school fund under this section for an
5 additional three school years. Subsequently, the open-enrollment
6 charter school must reestablish eligibility in the manner provided
7 by this subsection every three school years.

8 (c) Payments from the foundation school fund to an
9 open-enrollment charter school under this section shall be made as
10 follows:

11 (1) 22 percent of the yearly entitlement of the school
12 shall be paid in an installment to be made on or before the 25th day
13 of September of a fiscal year;

14 (2) 18 percent of the yearly entitlement of the school
15 shall be paid in an installment to be made on or before the 25th day
16 of October;

17 (3) 9.5 percent of the yearly entitlement of the
18 school shall be paid in an installment to be made on or before the
19 25th day of November;

20 (4) four percent of the yearly entitlement of the
21 school shall be paid in an installment to be made on or before the
22 25th day of December;

23 (5) four percent of the yearly entitlement of the
24 school shall be paid in an installment to be made on or before the
25 25th day of January;

26 (6) four percent of the yearly entitlement of the
27 school shall be paid in an installment to be made on or before the

1 25th day of February;

2 (7) four percent of the yearly entitlement of the
3 school shall be paid in an installment to be made on or before the
4 25th day of March;

5 (8) 7.5 percent of the yearly entitlement of the
6 school shall be paid in an installment to be made on or before the
7 25th day of April;

8 (9) five percent of the yearly entitlement of the
9 school shall be paid in an installment to be made on or before the
10 25th day of May;

11 (10) seven percent of the yearly entitlement of the
12 school shall be paid in an installment to be made on or before the
13 25th day of June;

14 (11) seven percent of the yearly entitlement of the
15 school shall be paid in an installment to be made on or before the
16 25th day of July; and

17 (12) eight percent of the yearly entitlement of the
18 school shall be paid in an installment to be made on or before the
19 25th day of August.

20 (d) The amount of any installment required by this section
21 may be modified to provide an open-enrollment charter school with
22 the proper amount to which the school may be entitled by law and to
23 correct errors in the allocation or distribution of funds.

24 (e) Previously unpaid additional funds from prior fiscal
25 years owed to an open-enrollment charter school shall be paid to the
26 school together with the September payment of the current fiscal
27 year entitlement.

1 Sec. 48.275 [~~42.260~~]. USE OF CERTAIN FUNDS. (a) In this
2 section, "participating charter school" means an open-enrollment
3 charter school that participates in the uniform group coverage
4 program established under Chapter 1579, Insurance Code.

5 (b) The amount of additional funds to which each school
6 district or participating charter school is entitled due to the
7 increases in formula funding made by H.B. No. 3343, Acts of the 77th
8 Legislature, Regular Session, 2001, and any subsequent legislation
9 amending the provisions amended by that Act that increase formula
10 funding under Chapter 49 [~~41~~] and this chapter to school districts
11 and charter schools is available for purposes of Subsection (c).

12 (c) Notwithstanding any other provision of this code, a
13 school district or participating charter school may use the sum of
14 the following amounts of funds only to pay contributions under a
15 group health coverage plan for district or school employees:

16 (1) the amount determined by multiplying the amount of
17 \$900 or the amount specified in the General Appropriations Act for
18 that year for purposes of the state contribution under Section
19 1579.251, Insurance Code, by the number of district or school
20 employees who participate in a group health coverage plan provided
21 by or through the district or school; and

22 (2) the difference between the amount necessary for
23 the district or school to comply with Section 1581.052, Insurance
24 Code, for the school year and the amount the district or school is
25 required to use to provide health coverage under Section 1581.051,
26 Insurance Code, for that year.

27 (d) A determination by the commissioner under this section

1 is final and may not be appealed.

2 ~~[(c) The commissioner may adopt rules to implement this~~
3 ~~section.]~~

4 SECTION 1.041. Subchapter F, Chapter 48, Education Code, as
5 added by this Act, is amended by adding Sections 48.277, 48.278,
6 48.279, and 48.280 to read as follows:

7 Sec. 48.277. FORMULA TRANSITION GRANT. (a) A school
8 district or open-enrollment charter school is entitled to receive
9 an annual allotment for each student in average daily attendance in
10 the amount equal to the difference, if the difference is greater
11 than zero, that results from subtracting the total maintenance and
12 operations revenue per student in average daily attendance for the
13 current school year from the lesser of:

14 (1) 100 percent of the district's or school's total
15 maintenance and operations revenue per student in average daily
16 attendance for the applicable school year under Subsection (b)(1)
17 that the district or school would have received under former
18 Chapters 41 and 42, as those chapters existed on January 1, 2019; or

19 (2) 128 percent of the statewide average amount of
20 maintenance and operations revenue per student in average daily
21 attendance that would have been provided for the applicable school
22 year under Subsection (b)(1) under former Chapters 41 and 42, as
23 those chapters existed on January 1, 2019.

24 (b) For purposes of calculating maintenance and operations
25 revenue under Subsection (a), the commissioner shall:

26 (1) for purposes of Subsections (a)(1) and (2), use
27 the following applicable school year:

1 (A) in a school year ending in an even-numbered
2 year, the 2019-2020 school year; and

3 (B) in a school year ending in an odd-numbered
4 year, the 2020-2021 school year;

5 (2) include all state and local funding, except for
6 any funding resulting from:

7 (A) reimbursement for disaster remediation costs
8 under former Sections 41.0931 and 42.2524;

9 (B) an adjustment for rapid decline in taxable
10 value of property under former Section 42.2521;

11 (C) an adjustment for property value affected by
12 a state of disaster under former Section 42.2523;

13 (D) 50 percent of the third grade reading
14 outcomes allotment under Section 48.109;

15 (E) 50 percent of the college, career, or
16 military readiness outcomes allotment under Section 48.110;

17 (F) 50 percent of the teacher incentive allotment
18 under Section 48.112; and

19 (G) the classroom teacher and librarian
20 allotment under Section 48.280;

21 (3) adjust the calculation to reflect a reduction in
22 tax effort by a school district; and

23 (4) if a school district or open-enrollment charter
24 school receives a waiver relating to eligibility requirements for
25 the national free or reduced-price lunch program under 42 U.S.C.
26 Section 1751 et seq., use the numbers of educationally
27 disadvantaged students on which the district's or school's

1 entitlement to compensatory education funds was based for the
2 school year before the school year in which the district or school
3 received the waiver, adjusted for estimated enrollment growth.

4 (c) A decision by the commissioner under this section is
5 final and may not be appealed.

6 (d) A school district or open-enrollment charter school is
7 not entitled to an allotment under Subsection (a) beginning with
8 the 2024-2025 school year.

9 (e) This section expires September 1, 2025.

10 Sec. 48.278. EQUALIZED WEALTH TRANSITION GRANT. (a)
11 Subject to Subsection (b), a school district is entitled to receive
12 an annual allotment in an amount equal to the amount of additional
13 revenue a school district received for the 2018-2019 school year
14 under former Sections 41.002(e) through (g), as those sections
15 existed on January 1, 2019.

16 (b) For purposes of calculating a district's allotment
17 under Subsection (a), the commissioner shall reduce the amount to
18 which a district is entitled under Subsection (a) by:

19 (1) for the 2020-2021 school year, 20 percent;

20 (2) for the 2021-2022 school year, 40 percent;

21 (3) for the 2022-2023 school year, 60 percent; and

22 (4) for the 2023-2024 school year, 80 percent.

23 (c) This section expires September 1, 2024.

24 Sec. 48.279. MAINTENANCE OF STATE FINANCIAL SUPPORT FOR
25 SPECIAL EDUCATION. (a) Funds appropriated for purposes of this
26 section or transferred in accordance with this section are state
27 funds for purposes of compliance with the requirements regarding

1 maintenance of state financial support for special education under
2 20 U.S.C. Section 1412(a)(18). The commissioner shall identify the
3 amount of funding described by this subsection and separate that
4 amount from other funding provided under this chapter.

5 **(b)** If the commissioner determines that the total amount of
6 funding for special education for a school year that ends during the
7 first state fiscal year of a state fiscal biennium is less than the
8 amount required to comply with requirements regarding maintenance
9 of state financial support under 20 U.S.C. Section 1412(a)(18), the
10 commissioner shall use funds appropriated for the Foundation School
11 Program for the second state fiscal year of that biennium to
12 increase funding for special education for the first state fiscal
13 year of that biennium in an amount necessary to ensure compliance
14 with that provision.

15 **(c)** If the commissioner determines that the total amount of
16 funding for special education for a school year that ends during the
17 second state fiscal year of a state fiscal biennium is less than the
18 amount required to comply with requirements regarding maintenance
19 of state financial support under 20 U.S.C. Section 1412(a)(18), the
20 commissioner shall submit to the legislature an estimate of the
21 amount of funding needed to comply with that provision for that
22 state fiscal year.

23 **(d)** If federal funds are withheld for a school year due to
24 noncompliance with requirements regarding maintenance of state
25 financial support under 20 U.S.C. Section 1412(a)(18), the
26 commissioner shall use for that school year an amount of funds
27 described by Subsection (a) equal to the amount of withheld funds in

1 the same manner and for the same purposes as the withheld funds
2 would have been provided.

3 (e) After the commissioner has replaced any withheld
4 federal funds as provided by Subsection (d), the commissioner shall
5 distribute the remaining amount, if any, of funds described by
6 Subsection (a) to proportionately increase funding for the special
7 education allotment under Section 48.102.

8 (f) In complying with Subsection (d), the commissioner may
9 implement any program necessary to ensure the use of funds in
10 accordance with that subsection.

11 Sec. 48.280. CLASSROOM TEACHER AND LIBRARIAN ALLOTMENT.

12 (a) In this section:

13 (1) "A" is the classroom teacher and librarian
14 allotment to which a district is entitled under Subsection (b);

15 (2) "E" is the total number of classroom teachers and
16 full-time librarians employed by the district in the 2018-2019
17 school year;

18 (3) "CYADA" is the number of students in average daily
19 attendance in the district for the current school year; and

20 (4) "BYADA" is the number of students in average daily
21 attendance in the district for the 2018-2019 school year.

22 (b) Except as provided by Subsection (c), a school district
23 is entitled to receive an annual allotment in an amount equal to the
24 lesser of:

25 (1) $A = ((\$5,000 \times E \times 1.108) / BYADA) \times CYADA$; or

26 (2) $A = \$5,000 \times E \times 1.108$.

27 (c) For a school district or open-enrollment charter school

1 that provided social security coverage, as defined by Section
2 606.001, Government Code, for district or school employees before
3 January 1, 2019, each reference to a value of 1.108 under Subsection
4 (b) is replaced with the value of 1.17.

5 (d) A school district or open-enrollment charter school
6 shall use the amount received under this section for classroom
7 teacher and full-time librarian salaries and benefits.

8 SECTION 1.042. Chapter 48, Education Code, as added by this
9 Act, is amended by adding Subchapter G, and a heading is added to
10 that subchapter to read as follows:

11 SUBCHAPTER G. MISCELLANEOUS PROVISIONS

12 SECTION 1.043. Section 42.4101, Education Code, is
13 transferred to Subchapter G, Chapter 48, Education Code, as added
14 by this Act, redesignated as Section 48.301, Education Code, and
15 amended to read as follows:

16 Sec. 48.301 [~~42.4101~~]. ADDITIONAL ASSISTANCE FOR
17 DISTRICTS WITH STUDENTS USING PUBLIC EDUCATION GRANTS. (a) A
18 district is entitled to additional assistance under this section as
19 provided by Section 29.203(c).

20 (b) The amount of additional assistance under this section
21 is computed by subtracting the number of students residing in the
22 district and using public education grants to attend school in
23 another district for the year in which the assistance is granted
24 from the number of students using public education grants to attend
25 school in the district for that year and multiplying the difference
26 by \$266.

27 ~~[(c) If a district to which this section applies is entitled~~

1 ~~to the maximum amount of assistance under Section 42.406, the~~
2 ~~maximum is increased by the amount of additional assistance to~~
3 ~~which the district is entitled under this section.]~~

4 SECTION 1.044. Subtitle I, Title 2, Education Code, is
5 amended by adding Chapter 49, and a heading is added to that chapter
6 to read as follows:

7 CHAPTER 49. OPTIONS FOR LOCAL REVENUE LEVELS IN EXCESS OF
8 ENTITLEMENT

9 SECTION 1.045. Chapter 49, Education Code, as added by this
10 Act, is amended by adding Subchapter A, and a heading is added to
11 that subchapter to read as follows:

12 SUBCHAPTER A. GENERAL PROVISIONS

13 SECTION 1.046. Sections 41.001, 41.003, 41.0031, 41.004,
14 41.005, 41.006, 41.007, 41.008, 41.009, 41.010, 41.011, 41.012, and
15 41.013, Education Code, are transferred to Subchapter A, Chapter
16 49, Education Code, as added by this Act, redesignated as Sections
17 49.001, 49.002, 49.003, 49.004, 49.005, 49.006, 49.007, 49.008,
18 49.009, 49.010, 49.011, 49.012, and 49.013, Education Code, and
19 amended to read as follows:

20 Sec. 49.001 [~~41.001~~]. DEFINITIONS. In this chapter:

21 (1) "Local revenue [~~Equalized wealth~~] level in excess
22 of entitlement" means local revenue levels that exceed the levels
23 [the wealth per student] provided by Section 48.257 [~~41.002~~].

24 (2) [~~"Wealth per student" means the taxable value of~~
25 ~~property, as determined under Subchapter M, Chapter 403, Government~~
26 ~~Code, divided by the number of students in weighted average daily~~
27 ~~attendance.~~

1 ~~[(3)]~~ "Weighted average daily attendance" has the
2 meaning assigned by Section 48.202 ~~[42.302]~~.

3 Sec. 49.002 ~~[41.003]~~. OPTIONS TO REDUCE LOCAL REVENUE
4 ~~[ACHIEVE EQUALIZED WEALTH]~~ LEVEL. A district with a local revenue
5 level in excess of entitlement ~~[wealth per student that exceeds the~~
6 ~~equalized wealth level]~~ may take any combination of the following
7 actions to reduce the district's revenue level ~~[achieve the~~
8 ~~equalized wealth level]~~:

9 (1) consolidation with another district as provided by
10 Subchapter B;

11 (2) detachment of territory as provided by Subchapter
12 C;

13 (3) purchase of average daily attendance credit as
14 provided by Subchapter D;

15 (4) education of nonresident students as provided by
16 Subchapter E; or

17 (5) tax base consolidation with another district as
18 provided by Subchapter F.

19 Sec. 49.003 ~~[41.0031]~~. INCLUSION OF ATTENDANCE CREDIT
20 ~~[CREDITS]~~ AND NONRESIDENTS IN WEIGHTED AVERAGE DAILY ATTENDANCE.
21 In determining whether a school district has a local revenue
22 ~~[wealth per student less than or equal to the equalized wealth]~~
23 level in excess of entitlement, the commissioner shall use:

24 (1) the district's final weighted average daily
25 attendance; and

26 (2) the amount ~~[number]~~ of attendance credit ~~[credits]~~
27 a district purchases under Subchapter D or the number of

1 nonresident students a district educates under Subchapter E for a
2 school year.

3 Sec. 49.004 [~~41.004~~]. ANNUAL REVIEW OF LOCAL REVENUES
4 [~~PROPERTY WEALTH~~]. (a) Not later than July 15 of each year, using
5 the estimate of enrollment and taxable property value under Section
6 48.269 [~~42.254~~], the commissioner shall review the local revenue
7 level [~~wealth per student~~] of school districts in the state and
8 shall notify:

9 (1) each district with a local revenue level in excess
10 of entitlement [~~wealth per student exceeding the equalized wealth~~
11 ~~level~~];

12 (2) each district to which the commissioner proposes
13 to annex property detached from a district notified under
14 Subdivision (1), if necessary, under Subchapter G; and

15 (3) each district to which the commissioner proposes
16 to consolidate a district notified under Subdivision (1), if
17 necessary, under Subchapter H.

18 (b) If, before the dates provided by this subsection, a
19 district notified under Subsection (a)(1) has not successfully
20 exercised one or more options under Section 49.002 [~~41.003~~] that
21 reduce the district's local revenue level [~~wealth per student~~] to a
22 level equal to or less than the [~~equalized wealth~~] level
23 established under Section 48.257, the commissioner shall order the
24 detachment of property from that district as provided by Subchapter
25 G. If that detachment will not reduce the district's local revenue
26 level [~~wealth per student~~] to a level equal to or less than the
27 [~~equalized wealth~~] level established under Section 48.257, the

1 commissioner may not detach property under Subchapter G but shall
2 order the consolidation of the district with one or more other
3 districts as provided by Subchapter H. An agreement under Section
4 49.002(1) [~~41.003(1)~~] or (2) must be executed not later than
5 September 1 immediately following the notice under Subsection (a).
6 An election for an option under Section 49.002(3) [~~41.003(3)~~], (4),
7 or (5) must be ordered before September 1 immediately following the
8 notice under Subsection (a).

9 (c) A district notified under Subsection (a) may not adopt a
10 tax rate for the tax year in which the district receives the notice
11 until the commissioner certifies that the district has reduced the
12 district's local revenue level in excess of entitlement to the
13 [achieved the equalized wealth] level established under Section
14 48.257.

15 (d) A detachment and annexation or consolidation under this
16 chapter:

17 (1) is effective for Foundation School Program funding
18 purposes for the school year that begins in the calendar year in
19 which the detachment and annexation or consolidation is agreed to
20 or ordered; and

21 (2) applies to the ad valorem taxation of property
22 beginning with the tax year in which the agreement or order is
23 effective.

24 Sec. 49.005 [~~41.005~~]. COMPTROLLER AND APPRAISAL DISTRICT
25 COOPERATION. The chief appraiser of each appraisal district and
26 the comptroller shall cooperate with the commissioner and school
27 districts in implementing this chapter.

1 Sec. 49.006 [~~41.006~~]. RULES. (a) The commissioner may
2 adopt rules necessary for the implementation of this chapter. [~~The~~
3 ~~rules may provide for the commissioner to make necessary~~
4 ~~adjustments to the provisions of Chapter 42, including providing~~
5 ~~for the commissioner to make an adjustment in the funding element~~
6 ~~established by Section 42.302, at the earliest date practicable, to~~
7 ~~the amount the commissioner believes, taking into consideration~~
8 ~~options exercised by school districts under this chapter and~~
9 ~~estimates of student enrollments, will match appropriation~~
10 ~~levels.~~]

11 (b) As necessary for the effective and efficient
12 administration of this chapter, the commissioner may modify
13 effective dates and time periods for actions described by this
14 chapter.

15 Sec. 49.007 [~~41.007~~]. COMMISSIONER TO APPROVE SUBSEQUENT
16 BOUNDARY CHANGES. A school district that is involved in an action
17 under this chapter that results in boundary changes to the district
18 or in the consolidation of tax bases is subject to consolidation,
19 detachment, or annexation under Chapter 13 only if the commissioner
20 certifies that the change under Chapter 13 will not result in a
21 district with a local revenue [~~wealth per student that exceeds the~~
22 ~~equalized wealth~~] level in excess of entitlement.

23 Sec. 49.008 [~~41.008~~]. HOMESTEAD EXEMPTIONS. (a) The
24 governing board of a school district that results from
25 consolidation under this chapter, including a consolidated taxing
26 district under Subchapter F, for the tax year in which the
27 consolidation occurs may determine whether to adopt a homestead

1 exemption provided by Section 11.13, Tax Code, and may set the
2 amount of the exemption, if adopted, at any time before the school
3 district adopts a tax rate for that tax year. This section applies
4 only to an exemption that the governing board of a school district
5 is authorized to adopt or change in amount under Section 11.13, Tax
6 Code.

7 (b) This section prevails over any inconsistent provision
8 of Section 11.13, Tax Code, or other law.

9 Sec. 49.009 [~~41.009~~]. TAX ABATEMENTS. (a) A tax abatement
10 agreement executed by a school district that is involved in
11 consolidation or in detachment and annexation of territory under
12 this chapter is not affected and applies to the taxation of the
13 property covered by the agreement as if executed by the district
14 within which the property is included.

15 (b) The commissioner shall determine the local revenue
16 [~~wealth per student~~] of a school district under this chapter as if
17 any tax abatement agreement executed by a school district on or
18 after May 31, 1993, had not been executed.

19 Sec. 49.010 [~~41.010~~]. TAX INCREMENT OBLIGATIONS. The
20 payment of tax increments under Chapter 311, Tax Code, is not
21 affected by the consolidation of territory or tax bases or by
22 annexation under this chapter. In each tax year a school district
23 paying a tax increment from taxes on property over which the
24 district has assumed taxing power is entitled to retain the same
25 percentage of the tax increment from that property that the
26 district in which the property was located before the consolidation
27 or annexation could have retained for the respective tax year.

1 Sec. 49.011 [~~41.011~~]. CONTINGENCY. (a) If any of the
2 options described by Section 49.002 [~~41.003~~] as applied to a school
3 district are held invalid by a final decision of a court of
4 competent jurisdiction, a school district is entitled to exercise
5 any of the remaining valid options in accordance with a schedule
6 approved by the commissioner.

7 (b) If a final order of a court of competent jurisdiction
8 should hold each of the options provided by Section 49.002 [~~41.003~~]
9 invalid, the commissioner shall act under Subchapter G or H to
10 reduce the local revenue [~~achieve the equalized wealth~~] level in
11 excess of entitlement only after notice and hearing is afforded to
12 each school district affected by the order. The commissioner shall
13 adopt a plan that least disrupts the affected school districts. If
14 because the exigency to adopt a plan prevents the commissioner from
15 giving a reasonable time for notice and hearing, the commissioner
16 shall timely give notice to and hold a hearing for the affected
17 school districts, but in no event less than 30 days from time of
18 notice to the date of hearing.

19 (c) If a final order of a court of competent jurisdiction
20 should hold an option provided by Section 49.002 [~~41.003~~] invalid
21 and order a refund to a district of any amounts paid by a district
22 choosing that option, the amount shall be refunded but held in
23 reserve and not expended by the district until released by order of
24 the commissioner. The commissioner shall order the release
25 immediately on the commissioner's determination that, through one
26 of the means provided by law, the district has reduced the
27 district's local revenue level in excess of entitlement to the

1 ~~[achieved the equalized wealth]~~ level established under Section
2 48.257. The amount released shall be deducted from any state aid
3 payable to the district according to a schedule adopted by the
4 commissioner.

5 Sec. 49.012 ~~[41.012]~~. DATE OF ELECTIONS. An election under
6 this chapter for voter approval of an agreement entered by the board
7 of trustees shall be held on a Tuesday or Saturday not more than 45
8 days after the date of the agreement. Section 41.001, Election
9 Code, does not apply to the election.

10 Sec. 49.013 ~~[41.013]~~. PROCEDURE. (a) Except as provided
11 by Subchapter G, a decision of the commissioner under this chapter
12 is appealable under Section 7.057.

13 (b) Any order of the commissioner issued under this chapter
14 shall be given immediate effect and may not be stayed or enjoined
15 pending any appeal.

16 (c) Chapter 2001, Government Code, does not apply to a
17 decision of the commissioner under this chapter.

18 (d) On the request of the commissioner, the secretary of
19 state shall publish any rules adopted under this chapter in the
20 Texas Register and the Texas Administrative Code.

21 SECTION 1.047. Subchapter B, Chapter 41, Education Code, is
22 transferred to Chapter 49, Education Code, as added by this Act,
23 redesignated as Subchapter B, Chapter 49, Education Code, and
24 amended to read as follows:

25 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

26 Sec. 49.051 ~~[41.031]~~. AGREEMENT. The governing boards of
27 any two or more school districts may consolidate the districts by

1 agreement in accordance with this subchapter to establish a
2 consolidated district with a local revenue level [~~wealth per~~
3 ~~student~~] equal to or less than the [~~equalized wealth~~] level
4 established under Section 48.257. The agreement is not effective
5 unless the commissioner certifies that the consolidated district,
6 as a result of actions taken under this chapter, will have a local
7 revenue level [~~wealth per student~~] equal to or less than the
8 [~~equalized wealth~~] level established under Section 48.257.

9 Sec. 49.052 [~~41.032~~]. GOVERNING LAW. Except to the extent
10 modified by the terms of the agreement, the consolidated district
11 is governed by the applicable provisions of Subchapter D, Chapter
12 13, other than a provision requiring consolidating districts to be
13 contiguous. The agreement may not be inconsistent with the
14 requirements of this subchapter.

15 Sec. 49.053 [~~41.033~~]. GOVERNANCE PLAN. (a) The agreement
16 among the consolidating districts may include a governance plan
17 designed to preserve community-based and site-based decision
18 making within the consolidated district, including the delegation
19 of specific powers of the governing board of the district other than
20 the power to levy taxes, including a provision authorized by
21 Section 13.158(b).

22 (b) The governance plan may provide for a transitional board
23 of trustees during the first year after consolidation, but
24 beginning with the next year the board of trustees must be elected
25 from within the boundaries of the consolidated district. If the
26 consolidating districts elect trustees from single-member
27 districts, the consolidated district must adopt a plan to elect its

1 board of trustees from single-member districts.

2 Sec. 49.054 [~~41.034~~]. INCENTIVE AID. (a) For the first and
3 second school years after creation of a consolidated district under
4 this subchapter, the commissioner shall adjust allotments to the
5 consolidated district to the extent necessary to preserve the
6 effects of an adjustment under Section 48.052 [~~42.102, 42.103, or~~
7 ~~42.105~~] to which either of the consolidating districts would have
8 been entitled but for the consolidation.

9 (b) Except as provided by Subsection (c), a district
10 receiving incentive aid payments under this section is not entitled
11 to incentive aid under Subchapter G, Chapter 13.

12 (c) Four or more districts that consolidate into one
13 district under this subchapter within a period of one year may elect
14 to receive incentive aid under this section or to receive incentive
15 aid for not more than five years under Subchapter G, Chapter 13.
16 Incentive aid under this subsection may not provide the
17 consolidated district with more revenue in state and local funds
18 than the district would receive at the [~~equalized wealth~~] level
19 established under Section 48.257.

20 SECTION 1.048. Subchapter C, Chapter 41, Education Code, is
21 transferred to Chapter 49, Education Code, as added by this Act,
22 redesignated as Subchapter C, Chapter 49, Education Code, and
23 amended to read as follows:

24 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

25 Sec. 49.101 [~~41.061~~]. AGREEMENT. (a) By agreement of the
26 governing boards of two school districts, territory may be detached
27 from one of the districts and annexed to the other district if,

1 after the action:

2 (1) the local revenue level [~~wealth per student~~] of
3 the district from which territory is detached is equal to or less
4 than the [~~equalized wealth~~] level established under Section 48.257;
5 and

6 (2) the local revenue level [~~wealth per student~~] of
7 the district to which territory is annexed is not greater than the
8 greatest level for which funds are provided under Subchapter E [~~F~~],
9 Chapter 48 [~~42~~].

10 (b) The agreement is not effective unless the commissioner
11 certifies that, after all actions taken under this chapter, the
12 local revenue level [~~wealth per student~~] of each district involved
13 will be equal to or less than the applicable level permitted by
14 Subsection (a).

15 Sec. 49.102 [~~41.062~~]. GOVERNING LAW. Except to the extent
16 of any conflict with this chapter and except for any requirement
17 that detached property must be annexed to a school district that is
18 contiguous to the detached territory, the annexation and detachment
19 is governed by Chapter 13.

20 Sec. 49.103 [~~41.063~~]. ALLOCATION OF APPRAISED VALUE OF
21 DIVIDED UNIT. If portions of a parcel or other item of property are
22 located in different school districts as a result of a detachment
23 and annexation under this subchapter, the parcel or other item of
24 property shall be appraised for taxation as a unit, and the
25 agreement shall allocate the taxable value of the property between
26 the districts.

27 Sec. 49.104 [~~41.064~~]. ALLOCATION OF INDEBTEDNESS. The

1 annexation agreement may allocate to the receiving district any
2 portion of the indebtedness of the district from which the
3 territory is detached, and the receiving district assumes and is
4 liable for the allocated indebtedness.

5 Sec. 49.105 [~~41.065~~]. NOTICE. As soon as practicable after
6 the agreement is executed, the districts involved shall notify each
7 affected property owner and the appraisal district in which the
8 affected property is located.

9 SECTION 1.049. Chapter 49, Education Code, as added by this
10 Act, is amended by adding Subchapter D, and a heading is added to
11 that subchapter to read as follows:

12 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

13 SECTION 1.050. Sections 41.091, 41.092, 41.093, 41.094,
14 41.095, 41.096, 41.097, and 41.099, Education Code, are transferred
15 to Subchapter D, Chapter 49, Education Code, as added by this Act,
16 redesignated as Sections 49.151, 49.152, 49.153, 49.154, 49.155,
17 49.156, 49.157, and 49.158, Education Code, and amended to read as
18 follows:

19 Sec. 49.151 [~~41.091~~]. AGREEMENT. A school district with a
20 local revenue [~~wealth per student that exceeds the equalized~~
21 ~~wealth~~] level in excess of entitlement may execute an agreement
22 with the commissioner to purchase attendance credit [~~credits~~] in an
23 amount sufficient, in combination with any other actions taken
24 under this chapter, to reduce the district's local revenue level
25 [~~wealth per student~~] to a level that is equal to or less than the
26 [~~equalized wealth~~] level established under Section 48.257.

27 Sec. 49.152 [~~41.092~~]. CREDIT. The amount of [~~(a) For each~~]

1 credit purchased decreases the dollar amount of a district's local
2 revenue level~~[, the weighted average daily attendance of the~~
3 ~~purchasing school district is increased by one student in weighted~~
4 ~~average daily attendance]~~ for purposes of determining whether the
5 district exceeds the ~~[equalized wealth]~~ level established under
6 Section 48.257.

7 ~~[(b) A credit is not used in determining a school district's~~
8 ~~scholastic population, average daily attendance, or weighted~~
9 ~~average daily attendance for purposes of Chapter 42 or 43.]~~

10 Sec. 49.153 ~~[41.093]~~. COST. (a) The total ~~[Subject to~~
11 ~~Subsection (b-1), the]~~ cost of ~~[each]~~ credit is the ~~[an]~~ amount
12 ~~[equal to the greater of:~~

13 ~~[(1) the amount]~~ of the district's maintenance and
14 operations tax revenue that exceeds the level established under
15 Section 48.257 ~~[per student in weighted average daily attendance~~
16 ~~for the school year for which the contract is executed, or~~

17 ~~[(2) the amount of the statewide district average of~~
18 ~~maintenance and operations tax revenue per student in weighted~~
19 ~~average daily attendance for the school year preceding the school~~
20 ~~year for which the contract is executed].~~

21 (b) For purposes of this section, a school district's
22 maintenance and operations tax revenue does not include any amounts
23 paid into a tax increment fund under Chapter 311, Tax Code.

24 ~~[(b-1) If the guaranteed level of state and local funds per~~
25 ~~weighted student per cent of tax effort under Section~~
26 ~~42.302(a-1)(1) for which state funds are appropriated for a school~~
27 ~~year is an amount at least equal to the amount of revenue per~~

1 ~~weighted student per cent of tax effort available to the Austin~~
2 ~~Independent School District, as determined by the commissioner in~~
3 ~~cooperation with the Legislative Budget Board, the commissioner, in~~
4 ~~computing the amounts described by Subsections (a)(1) and (2) and~~
5 ~~determining the cost of an attendance credit, shall exclude~~
6 ~~maintenance and operations tax revenue resulting from the tax rate~~
7 ~~described by Section 41.002(a)(2).]~~

8 (c) The cost of ~~an~~ attendance credit for a school district
9 is computed using the final tax collections of the district.

10 Sec. 49.154 ~~[41.094]~~. PAYMENT. (a) A school district
11 shall pay for credit ~~[credits]~~ purchased in equal monthly payments
12 as determined by the commissioner beginning February 15 and ending
13 August 15 of the school year for which the agreement is in effect.

14 (b) Receipts shall be deposited in the state treasury and
15 may be used only for foundation school program purposes.

16 Sec. 49.155 ~~[41.095]~~. DURATION. An agreement under this
17 section is valid for one school year and, subject to Section 49.156
18 ~~[41.096]~~, may be renewed annually.

19 Sec. 49.156 ~~[41.096]~~. VOTER APPROVAL. (a) After first
20 executing an agreement under this section, the board of trustees
21 shall order and conduct an election, in the manner provided by
22 Sections 13.003(d)-(g), to obtain voter approval of the agreement.

23 (b) The ballot shall be printed to permit voting for or
24 against the proposition: "Authorizing the board of trustees of
25 _____ School District to purchase attendance credit ~~[credits]~~
26 from the state with local tax revenues."

27 (c) The proposition is approved if the proposition receives

1 a favorable vote of a majority of the votes cast. If the
2 proposition is approved, the agreement executed by the board is
3 ratified, and the board has continuing authority to execute
4 agreements under this subchapter on behalf of the district without
5 further voter approval.

6 Sec. 49.157 [~~41.097~~]. CREDIT FOR APPRAISAL COSTS. [~~(a)~~]
7 The total amount required under Section 49.153 [~~41.093~~] for a
8 district to purchase attendance credit [~~credits~~] under this
9 subchapter for any school year is reduced by an amount equal to the
10 product of the district's total costs under Section 6.06, Tax Code,
11 for the appraisal district or districts in which it participates
12 multiplied by a percentage that is computed by dividing the total
13 amount required under Section 49.153 [~~41.093~~] by the total amount
14 of taxes imposed in the district for that year less any amounts paid
15 into a tax increment fund under Chapter 311, Tax Code.

16 [~~(b) A school district is entitled to a reduction under~~
17 ~~Subsection (a) beginning with the 1996-1997 school year. For that~~
18 ~~school year, the reduction to which a district is entitled is the~~
19 ~~sum of the amounts computed under Subsection (a) for the 1993-1994,~~
20 ~~1994-1995, 1995-1996, and 1996-1997 school years. If that amount~~
21 ~~exceeds the total amount required under Section 41.093 for the~~
22 ~~1996-1997 school year, the difference is carried forward and the~~
23 ~~total amount required under Section 41.093 is reduced each~~
24 ~~subsequent school year until the total amount of the credit has been~~
25 ~~applied to such reductions]~~.

26 Sec. 49.158 [~~41.099~~]. LIMITATION. (a) Sections 49.154 and
27 49.157 [~~41.002(c), 41.094, 41.097, and 41.098~~] apply only to a

1 district that:

2 (1) executes an agreement to purchase ~~[all]~~ attendance
3 credit ~~[credits]~~ necessary to reduce the district's local revenue
4 ~~[wealth per student to the equalized wealth]~~ level to the level
5 established under Section 48.257;

6 (2) executes an agreement to purchase attendance
7 credit ~~[credits]~~ and an agreement under Subchapter E to contract
8 for the education of nonresident students who transfer to and are
9 educated in the district but who are not charged tuition; or

10 (3) executes an agreement under Subchapter E to
11 contract for the education of nonresident students:

12 (A) to an extent that does not provide more than
13 10 percent of the reduction in local revenue ~~[wealth per student]~~
14 required for the district to achieve a local revenue level ~~[wealth~~
15 ~~per student]~~ that is equal to or less than the ~~[equalized wealth]~~
16 level established under Section 48.257; and

17 (B) under which all revenue paid by the district
18 to other districts, in excess of the reduction in state aid that
19 results from counting the weighted average daily attendance of the
20 students served in the contracting district, is required to be used
21 for funding a consortium of at least three districts in a county
22 with a population of less than 40,000 that is formed to support a
23 technology initiative.

24 (b) A district that executes an agreement under Subsection
25 (a)(3) must pay full market value for any good or service the
26 district obtains through the consortium.

27 SECTION 1.051. Chapter 49, Education Code, as added by this

Act, is amended by adding Subchapter E, and a heading is added to that subchapter to read as follows:

SUBCHAPTER E. EDUCATION OF NONRESIDENT STUDENTS

SECTION 1.052. Sections 41.121, 41.122, and 41.123, Education Code, are transferred to Subchapter E, Chapter 49, Education Code, as added by this Act, redesignated as Sections 49.201, 49.202, and 49.203, Education Code, and amended to read as follows:

Sec. 49.201 [~~41.121~~]. AGREEMENT. [~~(a)~~] The board of trustees of a district with a local revenue [~~wealth per student that exceeds the equalized wealth~~] level in excess of entitlement may execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance of the students served is added to the weighted average daily attendance of the contracting district, is sufficient, in combination with any other actions taken under this chapter, to reduce the district's local revenue level [~~wealth per student~~] to a level that is equal to or less than the [~~equalized wealth~~] level established under Section 48.257. The agreement is not effective unless the commissioner certifies that the transfer of weighted average daily attendance will not result in any of the contracting districts' local revenue level [~~wealth per student~~] being greater than the [~~equalized wealth~~] level established under Section 48.257 and that the agreement requires an expenditure per student in weighted average daily attendance that is at least equal to the amount per student in weighted average daily attendance required under Section 49.153 [~~41.093~~].

1 Sec. 49.202 [~~41.122~~]. VOTER APPROVAL. (a) After first
2 executing an agreement under this subchapter other than an
3 agreement under Section 49.205 [~~41.125~~], the board of trustees of
4 the district that will be educating nonresident students shall
5 order and conduct an election, in the manner provided by Sections
6 13.003(d)-(g), to obtain voter approval of the agreement.

7 (b) The ballot shall be printed to permit voting for or
8 against the proposition: "Authorizing the board of trustees of
9 _____ School District to educate students of other school
10 districts with local tax revenues."

11 (c) The proposition is approved if the proposition receives
12 a favorable vote of a majority of the votes cast. If the
13 proposition is approved, the agreement executed by the board is
14 ratified, and the board has continuing authority to execute
15 agreements under this subchapter on behalf of the district without
16 further voter approval.

17 Sec. 49.203 [~~41.123~~]. WADA COUNT. For purposes of Chapter
18 48 [~~42~~], students served under an agreement under this subchapter
19 are counted only in the weighted average daily attendance of the
20 district providing the services, except that students served under
21 an agreement authorized by Section 49.205 [~~41.125~~] are counted in a
22 manner determined by the commissioner.

23 SECTION 1.053. Section 41.124, Education Code, as amended
24 by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the 85th
25 Legislature, Regular Session, 2017, is transferred to Subchapter E,
26 Chapter 49, Education Code, as added by this Act, redesignated as
27 Section 49.204, Education Code, and reenacted and amended to read

1 as follows:

2 Sec. 49.204 [~~41.124~~]. TRANSFERS. (a) The board of
3 trustees of a school district with a local revenue [~~wealth per~~
4 ~~student that exceeds the equalized wealth~~] level in excess of
5 entitlement may reduce the district's local revenue level [~~wealth~~
6 ~~per student~~] by serving nonresident students who transfer to the
7 district and are educated by the district but who are not charged
8 tuition. A district that exercises the option under this
9 subsection is not required to execute an agreement with the school
10 district in which a transferring student resides and must certify
11 to the commissioner that the district has not charged or received
12 tuition for the transferring students.

13 (b) ~~[A school district with a wealth per student that~~
14 ~~exceeds the equalized wealth level that pays tuition to another~~
15 ~~school district for the education of students that reside in the~~
16 ~~district may apply the amount of tuition paid toward the cost of the~~
17 ~~option chosen by the district to reduce its wealth per student. The~~
18 ~~amount applied under this subsection may not exceed the amount~~
19 ~~determined under Section 41.093 as the cost of an attendance credit~~
20 ~~for the district. The commissioner may require any reports~~
21 ~~necessary to document the tuition payments.~~

22 ~~[(c)]~~ A school district that receives tuition for a student
23 from a school district with a local revenue [~~wealth per student that~~
24 ~~exceeds the equalized wealth~~] level in excess of entitlement may
25 not claim attendance for that student for purposes of Chapters [42
26 ~~and~~] 46 and 48 and the instructional materials and technology
27 allotment under Section 31.0211.

1 SECTION 1.054. Section 41.125, Education Code, is
2 transferred to Subchapter E, Chapter 49, Education Code, as added
3 by this Act, redesignated as Section 49.205, Education Code, and
4 amended to read as follows:

5 Sec. 49.205 [~~41.125~~]. CAREER AND TECHNOLOGY EDUCATION
6 PROGRAMS. (a) The board of trustees of a school district with a
7 local revenue [~~wealth per student that exceeds the equalized~~
8 ~~wealth~~] level in excess of entitlement may reduce the district's
9 local revenue level [~~wealth per student~~] by executing an agreement
10 to provide students of one or more other districts with career and
11 technology education through a program designated as an area
12 program for career and technology education.

13 (b) The agreement is not effective unless the commissioner
14 certifies that:

15 (1) implementation of the agreement will not result in
16 any of the affected districts' local revenue level [~~wealth per~~
17 ~~student~~] being greater than the [~~equalized wealth~~] level
18 established under Section 48.257; and

19 (2) the agreement requires the district with a local
20 revenue [~~wealth per student that exceeds the equalized wealth~~]
21 level in excess of entitlement to make expenditures benefiting
22 students from other districts in an amount at least equal to the
23 amount that would be required for the district to purchase [~~the~~
24 ~~number of~~] attendance credit [~~credits~~] under Subchapter D
25 necessary, in combination with any other actions taken under this
26 chapter other than an action under this section, to reduce the
27 district's local revenue level [~~wealth per student~~] to a level that

1 is equal to or less than the [~~equalized wealth~~] level established
2 under Section 48.257.

3 SECTION 1.055. Subchapter F, Chapter 41, Education Code, is
4 transferred to Chapter 49, Education Code, as added by this Act,
5 redesignated as Subchapter F, Chapter 49, Education Code, and
6 amended to read as follows:

7 SUBCHAPTER F. TAX BASE CONSOLIDATION

8 Sec. 49.251 [~~41.151~~]. AGREEMENT. The board of trustees of
9 two or more school districts may execute an agreement to conduct an
10 election on the creation of a consolidated taxing district for the
11 maintenance and operation of the component school districts. The
12 agreement is subject to approval by the commissioner. The
13 agreement is not effective unless the commissioner certifies that
14 the consolidated taxing district will have a local revenue level
15 [~~wealth per student~~] equal to or less than the [~~equalized wealth~~]
16 level established under Section 48.257 after all actions taken
17 under this chapter.

18 Sec. 49.252 [~~41.152~~]. DATE OF ELECTION. Any agreement
19 under this subchapter must provide for the ordering of an election
20 to be held on the same date in each district.

21 Sec. 49.253 [~~41.153~~]. PROPOSITION. (a) The ballot shall
22 be printed to permit voting for or against the proposition:
23 "Creation of a consolidated taxing district composed of the
24 territory of _____ school districts, and
25 authorizing the levy, assessment, and collection of annual ad
26 valorem taxes for the maintenance of the public free schools within
27 that taxing district at a rate not to exceed \$_____ on the \$100

1 valuation of taxable property."

2 (b) The rate to be included in the proposition shall be
3 provided by the agreement among the districts but may not exceed the
4 maximum rate provided by law for independent school districts.

5 Sec. 49.254 [~~41.154~~]. APPROVAL. The proposition is
6 approved only if the proposition receives a favorable vote of the
7 majority of the votes cast within each participating school
8 district.

9 Sec. 49.255 [~~41.155~~]. CONSOLIDATED TAXING DISTRICT. A
10 consolidated taxing district is a school district established for
11 the limited purpose of exercising the taxing power authorized by
12 Section 3, Article VII, Texas Constitution, and distributing the
13 revenue to its component school districts.

14 Sec. 49.256 [~~41.156~~]. GOVERNANCE. (a) The consolidated
15 taxing district is governed by the boards of the component school
16 districts acting jointly.

17 (b) Any action taken by the joint board must receive a
18 favorable vote of a majority of each component district's board of
19 trustees.

20 Sec. 49.257 [~~41.157~~]. MAINTENANCE TAX. (a) The joint
21 board shall levy a maintenance tax for the benefit of the component
22 school districts not later than September 1 of each year or as soon
23 thereafter as practicable.

24 (b) Each component district shall bear a share of the costs
25 of assessing and collecting taxes in proportion to the component
26 district's share of weighted average daily attendance in the
27 consolidated taxing district.

1 (c) A component district may not levy an ad valorem tax for
2 the maintenance and operation of the schools.

3 (d) Notwithstanding Section 45.003, the consolidated taxing
4 district may levy, assess, and collect a maintenance tax for the
5 benefit of the component districts at a rate that exceeds \$1.50 per
6 \$100 valuation of taxable property to the extent necessary to pay
7 contracted obligations on the lease purchase of permanent
8 improvements to real property entered into on or before May 12,
9 1993. The proposition to impose taxes at the necessary rate must be
10 submitted to the voters in the manner provided by Section 45.003.

11 Sec. 49.258 [~~41.158~~]. REVENUE DISTRIBUTION. The
12 consolidated taxing district shall distribute maintenance tax
13 revenue to the component districts on the basis of the number of
14 students in weighted average daily attendance in the component
15 districts.

16 Sec. 49.259 [~~41.159~~]. TAXES OF COMPONENT DISTRICTS. (a)
17 The governing board of a component school district of a
18 consolidated taxing district that has consolidated for maintenance
19 and operation purposes only may issue bonds and levy, pledge, and
20 collect ad valorem taxes within that component district sufficient
21 to pay the principal of and interest on those bonds as provided by
22 Chapter 45.

23 (b) A component district levying an ad valorem tax under
24 this section or Section 49.260(b)(1) [~~41.160(b)(1)~~] is entitled to
25 the guaranteed yield provided by Subchapter E [~~F~~], Chapter 48 [~~42~~],
26 for that portion of its tax rate that, when added to the maintenance
27 tax levied by the consolidated taxing unit, does not exceed the

1 limitation provided by Section 48.203 [~~42.303~~].

2 Sec. 49.260 [~~41.160~~]. OPTIONAL TOTAL TAX BASE
3 CONSOLIDATION. (a) An agreement executed under Section 49.251
4 [~~41.151~~] may provide for total tax base consolidation instead of
5 consolidation for maintenance and operation purposes only.

6 (b) Under an agreement providing for total tax base
7 consolidation:

8 (1) the component districts may not levy maintenance
9 or bond taxes, except to the extent necessary to retire bonds and
10 other obligations issued before the effective date of the
11 consolidation;

12 (2) the joint board may issue bonds and levy, pledge,
13 and collect ad valorem taxes sufficient to pay the principal of and
14 interest on those bonds, and issue refunding bonds, as provided by
15 Chapter 45 for independent school districts; and

16 (3) to the end of the ballot proposition required
17 under Section 49.253(a) [~~41.153(a)~~] shall be added ", and further
18 to create a consolidated tax base for the repayment of all bonded
19 indebtedness issued by the joint board of the taxing district after
20 the effective date of the consolidation and to authorize the joint
21 board to levy, pledge, and collect ad valorem taxes at a rate
22 sufficient to pay the principal of and interest on those bonds."

23 (c) Under an agreement providing for total tax base
24 consolidation:

25 (1) the component districts may provide for the
26 consolidated taxing district to assume all of the indebtedness of
27 all component districts; and

1 (2) to the end of the ballot proposition required by
2 Section 49.253(a) [~~41.153(a)~~] shall be added ", and further to
3 create a consolidated tax base for the repayment of all bonded
4 indebtedness issued by the joint board of the taxing district or
5 previously issued by the component school districts and to
6 authorize the joint board to levy, pledge, and collect ad valorem
7 taxes at a rate sufficient to pay the principal of and interest on
8 those bonds."

9 SECTION 1.056. Subchapter G, Chapter 41, Education Code, is
10 transferred to Chapter 49, Education Code, as added by this Act,
11 redesignated as Subchapter G, Chapter 49, Education Code, and
12 amended to read as follows:

13 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER

14 Sec. 49.301 [~~41.201~~]. DEFINITION. In this subchapter,
15 "mineral property" means a real property mineral interest that has
16 been severed from the surface estate by a mineral lease creating a
17 determinable fee or by a conveyance that creates an interest
18 taxable separately from the surface estate. A mineral property
19 includes each royalty interest, working interest, or other
20 undivided interest in the mineral property.

21 Sec. 49.302 [~~41.202~~]. DETERMINATION OF TAXABLE VALUE. (a)
22 For purposes of this subchapter, the taxable value of an individual
23 parcel or other item of property and the total taxable value of
24 property in a school district resulting from the detachment of
25 property from or annexation of property to that district is
26 determined by applying the appraisal ratio for the appropriate
27 category of property determined under Subchapter M, Chapter 403,

1 Government Code, for the preceding tax year to the taxable value of
2 the detached or annexed property determined under Title 1, Tax
3 Code, for the preceding tax year.

4 (b) For purposes of this subchapter, the taxable value of
5 all or a portion of a parcel or item of real property includes the
6 taxable value of personal property having taxable situs at the same
7 location as the real property.

8 Sec. 49.303 [~~41.203~~]. PROPERTY SUBJECT TO DETACHMENT AND
9 ANNEXATION. (a) Only the following property may be detached and
10 annexed under this subchapter:

- 11 (1) a mineral property;
12 (2) real property used in the operation of a public
13 utility, including a pipeline, pipeline gathering system, or
14 railroad or other rail system; and
15 (3) real property used primarily for industrial or
16 other commercial purposes, other than property used primarily for
17 agriculture or for residential purposes.

18 (b) If a final judgment of a court determines that a mineral
19 interest may not be annexed and detached as provided by this
20 subchapter without an attendant annexation and detachment of the
21 surface estate or any other interest in the same land, the
22 detachment and annexation of a mineral interest under this
23 subchapter includes the surface estate and each other interest in
24 the land covered by the mineral interest.

25 Sec. 49.304 [~~41.204~~]. TAXATION OF PERSONAL PROPERTY.
26 Personal property having a taxable situs at the same location as
27 real property detached and annexed under this subchapter is taxable

1 by the school district to which the real property is annexed.

2 Sec. 49.305 [~~41.205~~]. DETACHMENT OF PROPERTY. (a) The
3 commissioner shall detach property under this section from each
4 school district from which the commissioner is required under
5 Section 49.004 [~~41.004~~] to detach property under this subchapter.

6 (b) The commissioner shall detach from each school district
7 covered by Subsection (a) one or more whole parcels or items of
8 property in descending order of the taxable value of each parcel or
9 item, beginning with the parcel or item having the greatest taxable
10 value, until the school district's local revenue level [~~wealth per~~
11 ~~student~~] is equal to or less than the [~~equalized wealth~~] level
12 established under Section 48.257, except as otherwise provided by
13 Subsection (c).

14 (c) If the detachment of whole parcels or items of property
15 [~~7~~] as provided by Subsection (a) would result in a district's local
16 revenue level [~~wealth per student~~] that is less than the [~~equalized~~
17 ~~wealth~~] level established under Section 48.257 by more than the
18 product of \$10,000 multiplied by weighted average daily attendance,
19 the commissioner may not detach the last parcel or item of property
20 and shall detach the next one or more parcels or items of property
21 in descending order of taxable value that would result in the school
22 district having a local revenue level [~~wealth per student~~] that is
23 equal to or less than the [~~equalized wealth~~] level established
24 under Section 48.257 by not more than the product of \$10,000
25 multiplied by weighted average daily attendance.

26 (d) Notwithstanding Subsections (a), (b), and (c), the
27 commissioner may detach only a portion of a parcel or item of

1 property if:

2 (1) it is not possible under this subchapter to reduce
3 the district's local revenue level [~~wealth per student~~] to a level
4 that is equal to or less than the [~~equalized wealth~~] level
5 established under Section 48.257 [~~this subchapter~~] unless some or
6 all of the parcel or item of property is detached and the detachment
7 of the whole parcel or item would result in the district from which
8 it is detached having a local revenue level [~~wealth per student~~]
9 that is less than the [~~equalized wealth~~] level established under
10 Section 48.257 by more than the product of \$10,000 multiplied by
11 weighted average daily attendance; or

12 (2) the commissioner determines that a partial
13 detachment of that parcel or item of property is preferable to the
14 detachment of one or more other parcels or items having a lower
15 taxable value in order to minimize the number of parcels or items of
16 property to be detached consistent with the purposes of this
17 chapter.

18 Sec. 49.306 [~~41.206~~]. ANNEXATION OF PROPERTY. (a) The
19 commissioner shall annex property detached under Section 49.305
20 [~~41.205~~] to school districts eligible for annexation in accordance
21 with this section. A school district is eligible for annexation of
22 property to it under this subchapter only if, before any
23 detachments or annexations are made in a year, the district's
24 taxable value of property does not exceed the value necessary to
25 generate maintenance and operations tax revenue in the amount equal
26 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
27 ~~per student is less than the greatest level for which funds are~~

1 ~~provided under Subchapter F, Chapter 42]~~.

2 (b) Property may be annexed to a school district without
3 regard to whether the property is contiguous to other property in
4 that district.

5 (c) The commissioner shall annex property detached from
6 school districts beginning with the property detached from the
7 school district with the greatest local revenue level in excess of
8 entitlement [~~wealth per student~~] before detachment, and continuing
9 with the property detached from each other school district in
10 descending order of the district's local revenue level in excess of
11 entitlement [~~wealth per student~~] before detachment.

12 (d) The commissioner shall annex the parcels or items of
13 property detached from a school district to other school districts
14 that are eligible for annexation of property in descending order of
15 the taxable value of each parcel or item according to the following
16 priorities:

17 (1) first, to the eligible school districts assigned
18 to the same county as the school district from which the property is
19 detached whose total adopted tax rate for the preceding tax year
20 does not exceed by more than \$0.15 the total tax rate adopted for
21 that year by the school district from which the property is
22 detached;

23 (2) second, to the eligible school districts served by
24 the same regional education service center as the district from
25 which the property is detached whose total adopted tax rate for the
26 preceding tax year does not exceed by more than \$0.10 the total tax
27 rate adopted for that year by the school district from which the

1 property is detached; and

2 (3) third, to other eligible school districts whose
3 total adopted tax rate for the preceding tax year does not exceed by
4 more than \$0.05 the total tax rate adopted for that year by the
5 school district from which the property is detached.

6 (e) If the districts identified by Subsection (d) for a
7 school district are insufficient to annex all the property detached
8 from the school district, the commissioner shall increase, for
9 purposes of this section, all the maximum difference in tax rates
10 allowed under Subsection (d) in increments of \$0.01 until the
11 districts are identified that are sufficient to annex all the
12 property detached from the district.

13 (f) If only one school district is eligible to annex
14 property detached from a school district within a priority group
15 established by Subsections (d) and (e), the commissioner shall
16 annex property to that district until it reaches the taxable value
17 of property necessary to generate maintenance and operations tax
18 revenue in the amount equal to the district's entitlement under
19 Section 48.202(a-1)(2) [a wealth per student equal as nearly as
20 possible to the greatest level for which funds are provided under
21 Subchapter F, Chapter 42], by annexing whole parcels or items of
22 property. Any remaining detached property shall be annexed to
23 eligible school districts in the next priority group as provided by
24 this section.

25 (g) If more than one school district is eligible to annex
26 property detached from a school district within a priority group
27 established by Subsections (d) and (e), the commissioner shall

1 first annex property to the district within the priority group to
2 which could be annexed the most taxable value of property without
3 increasing the district's taxable value of property to an amount
4 that exceeds the amount necessary to generate maintenance and
5 operations tax revenue in the amount equal to the district's
6 entitlement under Section 48.202(a-1)(2) [~~its wealth per student~~
7 ~~above the greatest level for which funds are provided under~~
8 ~~Subchapter F, Chapter 42]~~, until that district reaches a taxable
9 value of property necessary to generate maintenance and operations
10 tax revenue in the amount equal to the district's entitlement under
11 Section 48.202(a-1)(2) [~~wealth per student equal as nearly as~~
12 ~~possible to the greatest level for which funds are provided under~~
13 ~~Subchapter F, Chapter 42]~~, by annexing whole parcels or items of
14 property. Then any additional detached property shall be annexed
15 in the same manner to other eligible school districts in the same
16 priority group in descending order of capacity to receive taxable
17 value of annexed property without increasing the district's taxable
18 value of property to an amount that exceeds the amount necessary to
19 generate maintenance and operations tax revenue in the amount equal
20 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
21 ~~per student above the greatest level for which funds are provided~~
22 ~~under Subchapter F, Chapter 42]~~. If every school district in a
23 priority group reaches a taxable value of property necessary to
24 generate maintenance and operations tax revenue in the amount equal
25 to the district's entitlement under Section 48.202(a-1)(2) [~~wealth~~
26 ~~per student equal to the greatest level for which funds are provided~~
27 ~~under Subchapter F, Chapter 42]~~, as nearly as possible, the

1 remaining detached property shall be annexed to school districts in
2 the next priority group in the manner provided by this section.

3 (h) For purposes of this section, a portion of a parcel or
4 item of property detached in that subdivided form from a school
5 district is treated as a whole parcel or item of property.

6 (i) The commissioner may order the annexation of a portion
7 of a parcel or item of property, including a portion of property
8 treated as a whole parcel or item under Subsection (h), if:

9 (1) the annexation of the whole parcel or item would
10 result in the district eligible to receive it in the appropriate
11 priority order provided by this section having a local revenue
12 level ~~[wealth per student]~~ greater than the amount by which the
13 product of \$10,000 multiplied by weighted average daily attendance
14 exceeds the taxable value of property necessary to generate
15 maintenance and operations tax revenue in the amount equal to the
16 district's entitlement under Section 48.202(a-1)(2) ~~[more than the~~
17 ~~greatest level for which funds are provided under Subchapter F,~~
18 ~~Chapter 42]~~; or

19 (2) the commissioner determines that annexation of
20 portions of the parcel or item would reduce disparities in district
21 taxable values of property necessary to generate maintenance and
22 operations tax revenue in the amount equal to a district's
23 entitlement under Section 48.202(a-1)(2) ~~[wealth per student]~~ more
24 efficiently than would be possible if the parcel or item were
25 annexed as a whole.

26 (j) The commissioner may modify the priorities established
27 by this section as the commissioner considers reasonable to

1 minimize or reduce the number of school districts to which the
2 property detached from a school district is annexed, to minimize or
3 reduce the geographic dispersal of property in a school district,
4 to minimize or reduce disparities in school district taxable values
5 of property necessary to generate maintenance and operations tax
6 revenue in the amount equal to a district's entitlement under
7 Section 48.202(a-1)(2) [~~wealth per student~~] that would otherwise
8 result, or to minimize or reduce any administrative burden or
9 expense.

10 (k) For purposes of this section, a school district is
11 assigned to a county if the school district is assigned to that
12 county in the 1992-1993 Texas School Directory published by the
13 Central Education Agency.

14 Sec. 49.307 [~~41.207~~]. LIMITATIONS ON DETACHMENT AND
15 ANNEXATION. The commissioner may detach and annex property under
16 this subchapter only if:

17 (1) the property is not exempt from ad valorem
18 taxation under Section 11.20 or 11.21, Tax Code; and

19 (2) the property does not contain a building or
20 structure owned by the United States, this state, or a political
21 subdivision of this state that is exempt from ad valorem taxation
22 under law.

23 Sec. 49.308 [~~41.208~~]. ORDERS AND NOTICE. (a) The
24 commissioner shall order any detachments and annexations of
25 property under this subchapter not later than November 8 of each
26 year.

27 (b) As soon as practicable after issuing the order under

1 Subsection (a), the commissioner shall notify each affected school
2 district and the appraisal district in which the affected property
3 is located of the determination.

4 Sec. 49.309 [~~41.209~~]. TREATMENT OF SUBDIVIDED PROPERTY.

5 (a) If the commissioner orders the detachment or annexation of a
6 portion of a parcel or item of property under this subchapter, the
7 order shall specify the portion of the taxable value of the property
8 to be detached or annexed and may, but need not, describe the
9 specific area of the parcel or item to be detached or annexed.

10 (b) If an order for the detachment or annexation of a
11 portion of a parcel or item of property does not describe the
12 specific area of the parcel or item to be detached or annexed, the
13 commissioner, as soon as practicable after issuing the order, shall
14 determine the specific area to be detached or annexed and shall
15 certify that determination to the appraisal district for the county
16 in which the property is located.

17 (c) If portions of a parcel or item of property are located
18 in two or more school districts as the result of a detachment or
19 annexation, the parcel or item shall be appraised for taxation as a
20 unit, and the commissioner shall determine the portion of the
21 taxable value of the property that is located in each of those
22 school districts based on the square footage of the property, or any
23 other reasonable method adopted by the commissioner.

24 Sec. 49.310 [~~41.210~~]. DUTIES OF CHIEF APPRAISER. (a) The
25 chief appraiser of each appraisal district shall cooperate with the
26 commissioner in administering this subchapter. The commissioner
27 may require the chief appraiser to submit any reports or provide any

1 information available to the chief appraiser in the form and at the
2 times required by the commissioner.

3 (b) As soon as practicable after the detachment and
4 annexation of property, the chief appraiser of the appraisal
5 district in which the property is located shall send a written
6 notice of the detachment and annexation to the owner of any property
7 taxable in a different school district as a result of the detachment
8 and annexation. The notice must include the name of the school
9 district by which the property is taxable after the detachment and
10 annexation.

11 (c) The commissioner may reimburse an appraisal district
12 for any costs incurred in administering this subchapter and may
13 condition the reimbursement or the amount of the reimbursement on
14 the timely submission of reports or information required by the
15 commissioner or the satisfactory performance of any other action
16 required or requested by the commissioner.

17 Sec. 49.311 [~~41.211~~]. STUDENT ATTENDANCE. A student who
18 is a resident of real property detached from a school district may
19 choose to attend school in that district or in the district to which
20 the property is annexed. For purposes of determining average daily
21 attendance under Section 48.005 [~~42.005~~], the student shall be
22 counted in the district to which the property is annexed. If the
23 student chooses to attend school in the district from which the
24 property is detached, the state shall withhold any foundation
25 school funds from the district to which the property is annexed and
26 shall allocate to the district in which the student is attending
27 school those funds and the amount of funds equal to the difference

1 between the state funds the district is receiving for the student
2 and the district's cost in educating the student.

3 Sec. 49.312 [~~41.212~~]. BOND TAXES. Property detached from
4 a school district is released from the obligation for any tax to pay
5 principal and interest on bonds authorized by the district before
6 detachment. The property is subject to any tax to pay principal or
7 interest on bonds authorized by the district to which the property
8 is annexed whether authorized before or after annexation.

9 Sec. 49.313 [~~41.213~~]. DETERMINATION BY COMMISSIONER
10 FINAL. A decision or determination of the commissioner under this
11 subchapter is final and not appealable.

12 SECTION 1.057. Subchapter H, Chapter 41, Education Code, is
13 transferred to Chapter 49, Education Code, as added by this Act,
14 redesignated as Subchapter H, Chapter 49, Education Code, and
15 amended to read as follows:

16 SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER

17 Sec. 49.351 [~~41.251~~]. COMMISSIONER ORDER. If the
18 commissioner is required under Section 49.004 [~~41.004~~] to order the
19 consolidation of districts, the consolidation is governed by this
20 subchapter. The commissioner's order shall be effective on a date
21 determined by the commissioner, but not later than the earliest
22 practicable date after November 8.

23 Sec. 49.352 [~~41.252~~]. SELECTION CRITERIA. (a) In
24 selecting the districts to be consolidated with a district that has
25 taxable values of property in an amount that exceeds the local
26 revenue level established under Section 48.257 [~~a property wealth~~
27 ~~greater than the equalized wealth level~~], the commissioner shall

1 select one or more districts [~~with a wealth per student~~] that, when
2 consolidated, will result in a consolidated district with a local
3 revenue level [~~wealth per student~~] equal to or less than the
4 [~~equalized wealth~~] level established under Section 48.257. In
5 achieving that result, the commissioner shall give priority to
6 school districts in the following order:

7 (1) first, to the contiguous district that has the
8 lowest local revenue level [~~wealth per student~~] and is located in
9 the same county;

10 (2) second, to the district that has the lowest local
11 revenue level [~~wealth per student~~] and is located in the same
12 county;

13 (3) third, to a contiguous district with a local
14 revenue level [~~property wealth~~] below the [~~equalized wealth~~] level
15 established under Section 48.257 that has requested the
16 commissioner that it be considered in a consolidation plan;

17 (4) fourth, to include as few districts as possible
18 that have the lowest local revenue levels below the [~~fall below the~~
19 ~~equalized wealth~~] level established under Section 48.257 within the
20 consolidation order that have not requested the commissioner to be
21 included;

22 (5) fifth, to the district that has the lowest local
23 revenue level [~~wealth per student~~] and is located in the same
24 regional education service center area; and

25 (6) sixth, to a district that has a tax rate similar to
26 that of the district that has a local revenue level [~~property~~
27 ~~wealth~~] greater than the [~~equalized wealth~~] level established under

1 Section 48.257.

2 (b) The commissioner may not select a district that has been
3 created as a result of consolidation by agreement under Subchapter
4 B to be consolidated under this subchapter with a district that has
5 a local revenue level [~~property wealth~~] greater than the [~~equalized~~
6 ~~wealth~~] level established under Section 48.257.

7 (c) In applying the selection criteria specified by
8 Subsection (a), if more than two districts are to be consolidated,
9 the commissioner shall select the third and each subsequent
10 district to be consolidated by treating the district that has a
11 local revenue level [~~property wealth~~] greater than the [~~equalized~~
12 ~~wealth~~] level established under Section 48.257 and the district or
13 districts previously selected for consolidation as one district.

14 Sec. 49.353 [~~41.253~~]. GOVERNANCE. (a) Until the initial
15 trustees elected as provided by Subsection (b) have qualified and
16 taken office, a district consolidated under this subchapter is
17 governed by a transitional board of trustees consisting of the
18 board of trustees of the district having the greatest student
19 membership on the last day of the school year preceding the
20 consolidation plus one member of the board of trustees of each other
21 consolidating district selected by that board.

22 (b) The transitional board of trustees shall divide the
23 consolidated district into nine single-member trustee districts in
24 accordance with the procedures provided by Section 11.052. The
25 transitional board shall order an election for the initial board of
26 trustees to be held on the first May uniform election date after the
27 effective date of a consolidation order.

1 (c) Members of the board of trustees of a consolidated
2 district serve staggered terms of office for four years.

3 (d) Section 13.156 applies to districts consolidated under
4 this subchapter.

5 Sec. 49.354 [~~41.254~~]. DISSOLUTION OF CONSOLIDATED
6 DISTRICT. (a) If the legislature abolishes ad valorem taxes for
7 public school maintenance and operations and adopts another method
8 of funding public education, the board of trustees of a
9 consolidated district created under this subchapter may dissolve
10 the consolidated district, provided that the dissolution is
11 approved by a majority of those voters residing within the district
12 participating in an election called for the purpose of approving
13 the dissolution of the consolidated school district.

14 (b) If a consolidated district is dissolved, each of the
15 former districts is restored as a separate district and is
16 classified as an independent district.

17 (c) Title to real property of the consolidated district is
18 allocated to the restored district in which the property is
19 located. Title to proportionate shares of the fund balances and
20 personal property of the consolidated district, as determined by
21 Subsection (e), are allocated to each restored district.

22 (d) Each of the restored districts assumes and is liable
23 for:

24 (1) indebtedness of the consolidated district that
25 relates to real property allocated to the district; and

26 (2) a proportionate share, as determined by Subsection
27 (e), of indebtedness of the consolidated district that does not

1 relate to real property.

2 (e) A restored district's proportionate share of fund
3 balances, personal property, or indebtedness is equal to the
4 proportion that the number of students in average daily attendance
5 in the restored district bears to the number of students in average
6 daily attendance in the consolidated district.

7 Sec. 49.355 [~~41.255~~]. FUND BALANCES. Fund balances of a
8 school district consolidated under this subchapter may be used only
9 for the benefit of the schools within the district that generated
10 the funds.

11 Sec. 49.356 [~~41.256~~]. EMPLOYMENT CONTRACTS. A
12 consolidated district created under this subchapter shall honor an
13 employment contract entered into by a consolidating district.

14 Sec. 49.357 [~~41.257~~]. APPLICATION OF [~~SMALL AND~~] SPARSE
15 ADJUSTMENT [~~ADJUSTMENTS~~] AND SMALL AND TRANSPORTATION ALLOTMENTS
16 [~~ALLOTMENT~~]. The budget of the consolidated district must apply
17 the benefit of the adjustment or allotment to the schools of the
18 consolidating district to which Section 48.052 [~~42.103~~], 48.101
19 [~~42.105~~], or 48.151 [~~42.155~~] would have applied in the event that
20 the consolidated district still qualifies as a small or sparse
21 district.

22 SECTION 1.058. Sections 825.405(a), (b), (e), and (f),
23 Government Code, are amended to read as follows:

24 (a) An employing school district or an open-enrollment
25 charter school, as applicable, shall pay the state's contribution
26 on the portion of a member's salary that exceeds the statutory
27 minimum salary for [~~For~~] members:

1 (1) entitled to the minimum salary for certain school
2 personnel under Section 21.402, Education Code;

3 (2) ~~[, and for members]~~ who would have been entitled to
4 the minimum salary for certain school personnel under former
5 Section 16.056, Education Code, as that section existed on January
6 1, 1995; and

7 (3) who would be entitled to the minimum salary for
8 certain school personnel under Section 21.402, Education Code, if
9 the member was employed by a school district subject to that section
10 instead of being employed by:

11 (A) an open-enrollment charter school; or

12 (B) a school district that has adopted a local
13 innovation plan under Chapter 12A, Education Code, that exempts the
14 district's employees from the minimum salary schedule under that
15 section~~[, the employing district shall pay the state's contribution~~
16 ~~on the portion of the member's salary that exceeds the statutory~~
17 ~~minimum salary].~~

18 (b) For purposes of this section, [+]

19 ~~[(1)]~~ the statutory minimum salary for a member
20 described by:

21 (1) Subsection (a)(1) ~~[certain school personnel under~~
22 ~~Section 21.402, Education Code,~~] is the salary provided by Section
23 21.402, Education Code ~~[that section multiplied by the cost of~~
24 ~~education adjustment applicable under Section 42.102, Education~~
25 ~~Code, to the district in which the member is employed]; [and]~~

26 (2) Subsection (a)(2) ~~[the statutory minimum salary~~
27 ~~for members who would have been entitled to the minimum salary for~~

1 ~~certain school personnel under former Section 16.056, Education~~
2 ~~Code, as that section existed on January 1, 1995,~~] is a minimum
3 salary computed in the same manner as the minimum salary for certain
4 school personnel under Section 21.402, Education Code; and

5 (3) Subsection (a)(3) is the minimum salary the member
6 would have been entitled to if the member was subject to Section
7 21.402, Education Code~~[, multiplied by the cost of education~~
8 ~~adjustment applicable under Section 42.102, Education Code, to the~~
9 ~~district in which the member is employed].~~

10 (e) After the end of each school year, the retirement system
11 shall certify to the commissioner of education:

12 (1) the names of any employers ~~[employing districts]~~
13 that have failed to remit, within the period required by Section
14 825.408, all contributions required under this section for the
15 school year; and

16 (2) the amounts of the unpaid contributions.

17 (f) If the commissioner of education receives a
18 certification under Subsection (e), the commissioner shall direct
19 the comptroller of public accounts to withhold the amount
20 certified, plus interest computed at the rate and in the manner
21 provided by Section 825.408, from the first state money payable to
22 the employer ~~[school district]~~. The amount withheld shall be
23 deposited to the credit of the appropriate accounts of the
24 retirement system.

25 SECTION 1.059. Section 26.08, Tax Code, is amended by
26 amending Subsections (a), (b), (i), and (n) and adding Subsection
27 (a-1) to read as follows:

1 (a) If the governing body of a school district adopts a tax
2 rate that exceeds the district's rollback tax rate, the registered
3 voters of the district at an election held for that purpose must
4 determine whether to approve the adopted tax rate.

5 (a-1) When increased expenditure of money by a school
6 district is necessary to respond to a disaster, including a
7 tornado, hurricane, flood, or other calamity, but not including a
8 drought, that has impacted a school district and the governor has
9 requested federal disaster assistance for the area in which the
10 school district is located, an election is not required under this
11 section to approve the tax rate adopted by the governing body for
12 the year following the year in which the disaster occurs. A tax
13 rate adopted under this subsection applies only in the year for
14 which the rate is adopted. If a district adopts a tax rate under
15 this subsection, the amount by which that rate exceeds the
16 district's rollback tax rate for that tax year may not be considered
17 when calculating the district's rollback tax rate for the tax year
18 following the year in which the district adopts the rate.

19 (b) The governing body shall order that the election be held
20 in the school district on the next uniform election ~~[a]~~ date
21 prescribed by ~~[not less than 30 or more than 90 days after the day on~~
22 ~~which it adopted the tax rate.]~~ Section 41.001, Election Code, that
23 occurs after the date of the election order and that allows
24 sufficient time to comply with the requirements of other law ~~[does~~
25 ~~not apply to the election unless a date specified by that section~~
26 ~~falls within the time permitted by this section]~~. At the election,
27 the ballots shall be prepared to permit voting for or against the

1 proposition: "Ratifying ~~[Approving]~~ the ad valorem tax rate of ____
2 (insert adopted tax rate) [~~\$_____ per \$100 valuation~~] in (name of
3 school district) for the current year, a rate that will result in an
4 increase of _____ (insert percentage increase in maintenance and
5 operations tax revenue under the adopted tax rate as compared to
6 maintenance and operations tax revenue in the preceding tax year)
7 percent in maintenance and operations tax revenue for the district
8 for the current year as compared to the preceding year, which is an
9 additional \$_____ (insert dollar amount of increase in maintenance
10 and operations tax revenue under the adopted tax rate as compared to
11 maintenance and operations tax revenue in the preceding tax year)
12 ~~[is \$_____ higher per \$100 valuation than the school district~~
13 ~~rollback tax rate, for the purpose of (description of purpose of~~
14 ~~increase)]." [The ballot proposition must include the adopted tax~~
15 ~~rate and the difference between that rate and the rollback tax rate~~
16 ~~in the appropriate places.]~~

17 (i) For purposes of this section, "enrichment tax rate" has
18 the meaning assigned by Section 45.0032, Education Code ~~[the~~
19 ~~effective maintenance and operations tax rate of a school district~~
20 ~~is the tax rate that, applied to the current total value for the~~
21 ~~district, would impose taxes in an amount that, when added to state~~
22 ~~funds that would be distributed to the district under Chapter 42,~~
23 ~~Education Code, for the school year beginning in the current tax~~
24 ~~year using that tax rate, would provide the same amount of state~~
25 ~~funds distributed under Chapter 42, Education Code, and maintenance~~
26 ~~and operations taxes of the district per student in weighted~~
27 ~~average daily attendance for that school year that would have been~~

1 ~~available to the district in the preceding year if the funding~~
2 ~~elements for Chapters 41 and 42, Education Code, for the current~~
3 ~~year had been in effect for the preceding year].~~

4 (n) For purposes of this section, the rollback tax rate of a
5 school district ~~[whose maintenance and operations tax rate for the~~
6 ~~2005 tax year was \$1.50 or less per \$100 of taxable value]~~ is:

7 (1) for the 2019 ~~[2006]~~ tax year, the sum of the
8 following:

9 (A) the rate ~~[that is equal to 88.67 percent of~~
10 ~~the maintenance and operations tax rate adopted by the district for~~
11 ~~the 2005 tax year, the rate of \$0.04]~~ per \$100 of taxable value that
12 is equal to the product of the state compression percentage, as
13 determined under Section 48.255, Education Code, for the 2019 tax
14 year and \$1.00;

15 (B) the greater of:

16 (i) the district's maintenance and
17 operations tax rate for the 2018 tax year, less the sum of:

18 (a) \$1.00; and

19 (b) any amount by which the district
20 is required to reduce the district's enrichment tax rate under
21 Section 48.202(f), Education Code, in the 2019 tax year; or

22 (ii) the rate of \$0.04 per \$100 of taxable
23 value; and

24 (C) ~~[, and]~~ the district's current debt rate; and

25 (2) for the 2020 ~~[2007]~~ and subsequent tax years, the
26 sum ~~[lesser]~~ of the following:

27 (A) ~~[the sum of the following:~~

1 ~~[(i)]~~ the rate per \$100 of taxable value
2 that is equal to the product of the state compression percentage, as
3 determined under Section 48.255 ~~[42.2516]~~, Education Code, for the
4 current year and \$1.00 ~~[\$1.50]~~;

5 (B) the greater of:

6 (i) the district's enrichment tax rate for
7 the preceding tax year, less any amount by which the district is
8 required to reduce the district's enrichment tax rate under Section
9 48.202(f), Education Code, in the current tax year; or

10 (ii) the rate of \$0.04 per \$100 of taxable
11 value; and

12 (C) ~~[(iii) the rate that is equal to the sum of~~
13 ~~the differences for the 2006 and each subsequent tax year between~~
14 ~~the adopted tax rate of the district for that year if the rate was~~
15 ~~approved at an election under this section and the rollback tax rate~~
16 ~~of the district for that year; and~~

17 ~~[(iv)]~~ the district's current debt rate~~+~~
18 ~~or~~

19 ~~[(B) the sum of the following:]~~

20 ~~[(i) the effective maintenance and~~
21 operations tax rate of the district as computed under Subsection
22 ~~(i) or (k), as applicable,~~

23 ~~[(ii) the rate per \$100 of taxable value~~
24 that is equal to the product of the state compression percentage, as
25 determined under Section 42.2516, Education Code, for the current
26 year and \$0.06; and

27 ~~[(iii) the district's current debt rate]~~.

1 ARTICLE 2. PUBLIC EDUCATION

2 SECTION 2.001. Chapter 4, Education Code, is amended by
3 adding Section 4.003 to read as follows:

4 Sec. 4.003. 60x30TX GOALS. To further the state's master
5 plan developed under Section 61.051 for at least 60 percent of all
6 adults aged 25 to 34 in this state to achieve a postsecondary degree
7 or workforce credential by 2030, the following goals are
8 established:

9 (1) at least 60 percent of all public school students
10 in each demographic category considered under Section 39.053(c)(3)
11 shall perform satisfactorily on a third grade reading assessment
12 instrument described by Section 48.109(a) by 2030; and

13 (2) at least 60 percent of all public school students
14 in each demographic category considered under Section 39.053(c)(3)
15 who graduate high school shall meet college, career, and military
16 readiness standards as provided by Section 48.110(d) by 2030.

17 SECTION 2.002. Section 7.028(a), Education Code, is amended
18 to read as follows:

19 (a) Except as provided by Section 29.001(5), 29.010(a), or
20 39.057, the agency may monitor compliance with requirements
21 applicable to a process or program provided by a school district,
22 campus, program, or school granted charters under Chapter 12,
23 including the process described by Subchapter F, Chapter 11, or a
24 program described by Subchapter B, C, D, E, F, H, or I, Chapter 29,
25 Subchapter A, Chapter 37, or Section 38.003, ~~[and the use of funds~~
26 ~~provided for such a program under Subchapter C, Chapter 42,~~] only as
27 necessary to ensure:

- 1 (1) compliance with federal law and regulations;
- 2 (2) financial accountability, including compliance
- 3 with grant requirements; ~~and~~
- 4 (3) data integrity for purposes of:
 - 5 (A) the Public Education Information Management
 - 6 System (PEIMS); and
 - 7 (B) accountability under Chapters 39 and 39A; and
 - 8 (4) qualification for funding under Chapter 48.

9 SECTION 2.003. Subchapter B, Chapter 7, Education Code, is
10 amended by adding Sections 7.038 and 7.039 to read as follows:

11 Sec. 7.038. 60x30TX PROGRESS REPORT. (a) Not later than
12 December 1 of each even-numbered year, the agency and the Texas
13 Higher Education Coordinating Board jointly shall prepare and
14 submit to the governor, the lieutenant governor, the speaker of the
15 house of representatives, and the standing legislative committees
16 with primary jurisdiction over public education a report assessing
17 the state's progress toward achieving the 60x30TX goals established
18 under Section 4.003.

19 (b) The report must:

20 (1) be combined with the Texas Higher Education
21 Coordinating Board's report on the state's master plan for higher
22 education required under Section 61.051(a-3); and

23 (2) analyze progress made toward the 60x30TX goals
24 disaggregated by each demographic category considered under
25 Section 39.053(c)(3).

26 Sec. 7.039. POSTSECONDARY OUTCOMES REPORTING. To track
27 progress toward the 60x30TX goals established under Section 4.003,

1 the agency shall:

2 (1) maintain an online reporting system regarding the
3 postsecondary outcomes of students enrolled in:

4 (A) each school district or open-enrollment
5 charter school; and

6 (B) each public high school; and

7 (2) collect data as necessary to maintain the
8 reporting system under Subdivision (1).

9 SECTION 2.004. Subchapter C, Chapter 7, Education Code, is
10 amended by adding Section 7.070 to read as follows:

11 Sec. 7.070. COORDINATION OF DATA COLLECTION. The
12 commissioner may enter into agreements with appropriate entities as
13 necessary to provide for the collection of data regarding college,
14 career, and military readiness of public school students, including
15 data maintained by:

16 (1) governmental agencies of the United States, this
17 state, or another state;

18 (2) political subdivisions of this state or another
19 state;

20 (3) public or private institutions of higher
21 education; and

22 (4) relevant private organizations.

23 SECTION 2.005. Subchapter D, Chapter 11, Education Code, is
24 amended by adding Section 11.185 to read as follows:

25 Sec. 11.185. 60x30TX DISTRICT GOALS. (a) To support the
26 achievement of the 60x30TX goals established under Section 4.003,
27 the board of trustees of a school district shall develop at least

1 three student outcome goals, with five-year performance targets for
2 each goal. At least one goal must support early childhood literacy.

3 (b) The board of trustees shall regularly monitor the
4 district's progress toward each goal developed under Subsection
5 (a), including progress toward those goals by students in each
6 demographic category considered under Section 39.053(c)(3).

7 (c) Not later than September 1 of each year, each school
8 district shall post on the district's Internet website a report
9 assessing the progress of the district and each campus in the
10 district toward achieving the goals developed under Subsection (a).

11 SECTION 2.006. Subchapter F, Chapter 11, Education Code, is
12 amended by adding Section 11.256 to read as follows:

13 Sec. 11.256. EARLY CHILDHOOD LITERACY PLAN. (a) To support
14 achieving the student outcome goal or goals regarding early
15 childhood literacy developed under Section 11.185, each school
16 district shall adopt and post on the district's Internet website an
17 early childhood literacy plan.

18 (b) The plan adopted under Subsection (a) must:

19 (1) provide for the use of a phonics curriculum that
20 uses systematic direct instruction in kindergarten through third
21 grade to ensure all students obtain necessary early literacy
22 skills;

23 (2) identify the reading instruments used to diagnose
24 student reading development and comprehension in prekindergarten
25 through third grade, including the purpose of each instrument and
26 the frequency of its use;

27 (3) provide for targeted professional development for

classroom teachers in kindergarten or first, second, or third grade that focuses on scientifically supported reading instructional practices and the effective use of reading instruments intended to diagnose reading development and comprehension;

(4) assign at least one district-level administrator or employee of the regional education service center for the district's region to:

(A) coordinate implementation of the plan; and

(B) submit a quarterly report to the board of trustees of the district on the district's progress toward the student outcome goal or goals regarding early childhood literacy developed under Section 11.185, including aggregated results on reading instruments administered in prekindergarten through third grade during that quarter; and

(5) be reviewed annually by the board of trustees at a public meeting.

(c) A school district shall post the quarterly report described by Subsection (b)(4)(B) on the district's Internet website.

(d) The agency shall assist school districts as necessary to ensure compliance with this section.

SECTION 2.007. Section 12A.003(b), Education Code, is amended to read as follows:

(b) A local innovation plan must:

(1) provide for a comprehensive educational program for the district, which program may include:

(A) innovative curriculum, instructional

1 methods, and provisions regarding community participation, campus
2 governance, and parental involvement;

3 (B) except as provided by Section 12A.004(a),
4 modifications to the school day or year;

5 (C) provisions regarding the district budget and
6 sustainable program funding;

7 (D) accountability and assessment measures that
8 exceed the requirements of state and federal law; and

9 (E) any other innovations prescribed by the board
10 of trustees; and

11 (2) identify requirements imposed by this code that
12 inhibit the goals of the plan and from which the district should be
13 exempted on adoption of the plan, subject to Section 12A.004.

14 SECTION 2.008. Section 12A.004(a), Education Code, is
15 amended to read as follows:

16 (a) A local innovation plan may not provide for the
17 exemption of a district designated as a district of innovation from
18 the following provisions of this title:

19 (1) a state or federal requirement applicable to an
20 open-enrollment charter school operating under Subchapter D,
21 Chapter 12;

22 (2) Subchapters A, C, D, and E, Chapter 11, except that
23 a district may be exempt from Sections 11.1511(b)(5) and (14) and
24 Section 11.162;

25 (3) state curriculum and graduation requirements
26 adopted under Chapter 28; ~~and~~

27 (4) academic and financial accountability and

1 sanctions under Chapters 39 and 39A; and

2 (5) the first day of instruction requirements under
3 Section 25.0811(a)(3).

4 SECTION 2.009. Subchapter B, Chapter 21, Education Code, is
5 amended by adding Sections 21.063 and 21.064 to read as follows:

6 Sec. 21.063. TEACHER DESIGNATIONS ON CERTIFICATE. (a) The
7 board shall place the appropriate designation issued to a teacher
8 under Subchapter P on the teacher's certificate as soon as
9 practicable after being notified by the agency of the issuance of
10 the designation.

11 (b) The board shall remove a designation under Subchapter P
12 from a teacher's certificate on:

13 (1) expiration of the designation, unless the agency
14 notifies the board that the designation has been renewed; or

15 (2) revocation of the designation under Section
16 21.755(d).

17 Sec. 21.064. LEGACY MASTER TEACHER CERTIFICATIONS. (a)
18 The board shall recognize a master teacher certificate issued under
19 former Section 21.0481, 21.0482, 21.0483, or 21.0484 until the
20 certificate expires. The board shall note a designation of
21 "legacy" on the certificate.

22 (b) A master teacher certificate described by Subsection
23 (a) is not eligible for funding under the teacher incentive
24 allotment under Section 48.112.

25 SECTION 2.010. Sections 21.351(a) and (c), Education Code,
26 are amended to read as follows:

27 (a) The commissioner shall adopt a recommended appraisal

1 process and criteria on which to appraise the performance of
2 teachers. The criteria must be based on observable, job-related
3 behavior, including:

4 (1) a teacher's [~~teachers'~~] implementation of
5 discipline management procedures; and

6 (2) the performance of a teacher's [~~teachers'~~]
7 students.

8 (c) Under the recommended appraisal process, an appraiser
9 must be the teacher's supervisor or a person approved by the board
10 of trustees. An appraiser who is a classroom teacher may not
11 appraise the performance of another classroom teacher who teaches
12 at the same school campus at which the appraiser teaches, unless it
13 is impractical because of the number of campuses or unless the
14 appraiser is in a supervisory role or is the chair of a department
15 or grade level whose job description includes classroom observation
16 responsibilities.

17 SECTION 2.011. Section 21.352(c), Education Code, is
18 amended to read as follows:

19 (c) Except as otherwise provided by this subsection,
20 appraisal must be done at least once for [~~during~~] each school year.
21 A teacher may be appraised less frequently if the teacher agrees in
22 writing and the teacher's most recent evaluation rated the teacher
23 as at least proficient, or the equivalent, and did not identify any
24 area of deficiency. A teacher who is appraised less frequently than
25 annually must be appraised at least once during each period of five
26 school years. The district shall maintain a written copy of the
27 evaluation of each teacher's performance in the teacher's personnel

1 file. Each teacher is entitled to receive a written copy of the
2 evaluation promptly on its completion. After receiving a written
3 copy of the evaluation, a teacher is entitled to a second appraisal
4 by a different appraiser or to submit a written rebuttal to the
5 evaluation to be attached to the evaluation in the teacher's
6 personnel file. The evaluation and any rebuttal may be given to
7 another school district at which the teacher has applied for
8 employment at the request of that district.

9 SECTION 2.012. Section 21.355(d), Education Code, is
10 amended to read as follows:

11 (d) A school district or open-enrollment charter school
12 shall ~~may~~ give the agency information regarding the performance
13 of a teacher or administrator, including a document evaluating the
14 performance of a teacher or administrator currently or previously
15 employed by the district or school ~~[for purposes of an~~
16 ~~investigation conducted by the agency]~~.

17 SECTION 2.013. Subchapter I, Chapter 21, Education Code, is
18 amended by adding Section 21.4023 to read as follows:

19 Sec. 21.4023. CLASSROOM TEACHER AND LIBRARIAN SALARY
20 INCREASE. (a) A classroom teacher or full-time librarian employed
21 by a school district or open-enrollment charter school in the
22 2019-2020 school year is, as long as the teacher or librarian is
23 employed by the same district or school, entitled to a salary that
24 is at least equal to the salary the teacher or librarian received
25 for the 2019-2020 school year.

26 (a-1) For the 2019-2020 school year, a school district or
27 open-enrollment charter school shall increase the salary of each

1 classroom teacher and full-time librarian employed by the district
2 or school in the 2018-2019 school year by at least \$5,000. This
3 subsection expires September 1, 2020.

4 (b) The commissioner may adopt rules as necessary to
5 implement this section.

6 SECTION 2.014. Section 21.410(c), Education Code, is
7 amended to read as follows:

8 (c) The commissioner shall annually identify each high-need
9 campus in a school district using criteria established by the
10 commissioner by rule, including performance on the language arts
11 ~~[reading]~~ assessment instrument administered under Section 39.023.
12 The commissioner shall also use the criteria to rank campuses in
13 order of greatest need.

14 SECTION 2.015. Section 21.4551(c), Education Code, is
15 amended to read as follows:

16 (c) The commissioner by rule shall require a teacher to
17 attend a reading academy if the teacher provides instruction in
18 reading, mathematics, science, or social studies to students at the
19 sixth, seventh, or eighth grade level at a campus that fails to
20 satisfy any standard under Section 39.054(e) on the basis of
21 student performance on the language arts ~~[reading]~~ assessment
22 instrument administered under Section 39.023(a) to students in any
23 grade level at the campus.

24 SECTION 2.016. Chapter 21, Education Code, is amended by
25 adding Subchapter P to read as follows:

26 SUBCHAPTER P. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER

27 DESIGNATIONS

1 Sec. 21.751. DEFINITION. In this subchapter, "classroom
2 teacher" includes an individual who:

3 (1) is a teacher of record who teaches at least half
4 the average number of students for a teaching assignment at the
5 school campus at which the teacher is employed; and

6 (2) satisfies the amount of teaching time requirement
7 in the definition of a classroom teacher under Section 5.001 by
8 providing educator leadership, including collaborating with,
9 mentoring, or supporting other teachers.

10 Sec. 21.752. RECOGNIZED, EXEMPLARY, AND MASTER TEACHER
11 DESIGNATIONS. (a) To recognize the performance of teachers in this
12 state, the commissioner shall:

13 (1) establish an approval process for school districts
14 and open-enrollment charter schools to designate a teacher as a
15 recognized, exemplary, or master teacher and include the
16 designation on the teacher's teaching certificate;

17 (2) develop and provide technical assistance for
18 school districts and open-enrollment charter schools in making
19 teacher designations, including:

20 (A) methods to involve staff in locally
21 developing the process for designating teachers under this
22 subchapter; and

23 (B) assistance focusing on problems faced by
24 rural school districts; and

25 (3) subject to Subsection (b), authorize school
26 districts and open-enrollment charter schools to make teacher
27 designations for a five-year period, provided that the district's

1 or school's teacher designation system meets the requirements under
2 Section 21.754.

3 (b) The commissioner shall verify that the appraisals of a
4 representative sample of classroom teachers meet the requirements
5 for teacher designations under this subchapter. Verification may
6 include on-site classroom observations or observations by video or
7 audio recording of classroom sessions.

8 (c) The commissioner may not rely solely on student
9 performance on an assessment instrument administered under Section
10 39.023 in determining whether a school district's or
11 open-enrollment charter school's teacher designation system
12 complies with this subchapter.

13 Sec. 21.753. ELIGIBILITY CRITERIA FOR TEACHER DESIGNATION.

14 (a) To be eligible for a teacher designation under this subchapter,
15 a classroom teacher must:

16 (1) hold an eligible teaching certificate issued under
17 Subchapter B; and

18 (2) satisfy any additional requirements adopted by the
19 school district or open-enrollment charter school at which the
20 teacher is employed.

21 (b) A school district or open-enrollment charter school may
22 designate a classroom teacher as recognized if the classroom
23 teacher:

24 (1) holds a National Board Certification issued by the
25 National Board for Professional Teaching Standards; and

26 (2) meets the other requirements of Subsection (a).

27 (c) Except as provided by Subsection (d), the commissioner

1 may approve a school district or open-enrollment charter school to
2 designate a teacher under this subchapter if the district's or
3 school's designation system under Section 21.754 provides
4 sufficient information to distinguish that among teachers in the
5 state in similar teaching assignments, the teacher is:

6 (1) for a recognized teacher, in the top 33 percent in
7 teaching performance;

8 (2) for an exemplary teacher, in the top 20 percent in
9 teaching performance; or

10 (3) for a master teacher, in the top 5 percent of
11 teaching performance.

12 (d) The commissioner may raise the percentages required
13 under Subsection (c) to ensure consistency of teacher performance
14 standards over multiple school years as statewide performance
15 improves, including for the purpose of teacher designation
16 renewals.

17 Sec. 21.754. TEACHER DESIGNATION SYSTEMS. (a) A school
18 district's or open-enrollment charter school's teacher designation
19 system must incorporate:

20 (1) an educator appraisal system that complies with
21 Section 21.351 or 21.352, including incorporating student
22 performance, which may be measured by student performance over
23 multiple school years;

24 (2) student perception surveys for the third grade
25 level and higher;

26 (3) educator leadership, including collaborating
27 with, mentoring, or supporting other teachers;

1 (4) reliable observation-based appraisal components,
2 including the use of independent observers and processes to ensure
3 inter-rater reliability of observers; and

4 (5) reliable underlying student assessments used to
5 evaluate student performance, including test security protocols
6 and defined testing windows.

7 (a-1) A school district's or open-enrollment charter
8 school's teacher designation system is not required to incorporate
9 the surveys required under Subsection (a)(2) until the 2022-2023
10 school year. This subsection expires September 1, 2023.

11 (b) A district's or school's educator appraisal system under
12 Subsection (a)(1) may not rely solely on student performance on
13 assessment instruments administered under Section 39.023.

14 (c) The commissioner may not authorize a school district or
15 open-enrollment charter school to make teacher designations under
16 this subchapter until the district's or school's teacher
17 designation system has evaluated classroom teachers in compliance
18 with Subsection (a)(4).

19 (d) The commissioner may develop an auditing process for
20 teacher designation systems to maintain quality and ensure
21 compliance. The commissioner may, as necessary:

22 (1) revoke the commissioner's approval of a
23 designation system;

24 (2) require modifications to a designation system to
25 retain the commissioner's approval;

26 (3) suspend eligibility for funding for a district's
27 or school's noncompliance with an audit; or

1 (4) recover funds under Section 48.272 from a district
2 or school that has a designation system that is out of compliance or
3 for which the commissioner's approval has been revoked.

4 (e) The commissioner may adopt necessary reporting
5 processes and timelines for the auditing process under Subsection
6 (d).

7 Sec. 21.755. VALIDITY AND EXPIRATION OF TEACHER
8 DESIGNATION. (a) A teacher designation under this subchapter:

9 (1) is valid until the teacher designation expires
10 regardless of whether the teacher:

11 (A) changes teaching assignment;

12 (B) transfers school campuses; or

13 (C) is employed by another school district or
14 open-enrollment charter school; and

15 (2) expires at the end of the school year during which
16 the fifth anniversary of the date on which the teacher receives the
17 designation occurs.

18 (b) A teacher has no vested property right in a teacher
19 designation assigned to the teacher under this subchapter.

20 (c) A teacher designation issued under this subchapter is
21 void on the determination that the designation was issued
22 improperly. Subchapters C through H, Chapter 2001, Government
23 Code, do not apply to the voiding of a teacher designation under
24 this subsection.

25 (d) The State Board for Educator Certification may revoke or
26 suspend a certificate holder's teacher designation issued under
27 this subchapter.

1 Sec. 21.756. MULTIPLE DESIGNATIONS PROHIBITED. A teacher
2 may receive only one teacher designation under this subchapter at
3 any time. If a teacher qualifies for:

4 (1) both a recognized and exemplary teacher
5 designation, the teacher receives the exemplary designation; and

6 (2) either a recognized or exemplary designation and a
7 master designation, the teacher receives a master designation.

8 Sec. 21.757. INFORMATION RELATING TO TEACHER AND STUDENT
9 PERFORMANCE. (a) The agency, or an entity the agency contracts
10 with to implement this subchapter, may access information required
11 to verify an eligibility determination under this subchapter,
12 including information from the school district or open-enrollment
13 charter school at which the teacher is or was employed relating to
14 the performance of the teacher's current or previous students.

15 (b) The agency shall collect information necessary to
16 implement this subchapter, which may include student performance
17 information for a sample of students across the state and
18 information regarding educator appraisals.

19 (c) A school district or open-enrollment charter school
20 shall provide any information required under this subchapter.

21 (d) Information otherwise confidential remains
22 confidential and is not subject to Chapter 552, Government Code.

23 Sec. 21.758. FEES. (a) The commissioner may adopt fees for
24 the authorization of school districts and open-enrollment charter
25 schools to make teacher designations under this subchapter.

26 (b) A fee adopted by the agency under this subchapter is not
27 subject to Sections 2001.0045 and 2001.0221, Government Code.

1 Sec. 21.759. STUDENT PERFORMANCE STUDY. (a) The
2 commissioner shall periodically conduct a study using an external
3 organization to determine the impact of the teacher designations
4 issued under this subchapter on student performance.

5 (b) The commissioner shall make recommendations as
6 necessary to the governor and the legislature to improve the
7 quality of and impact on student performance of teacher
8 designations issued under this subchapter.

9 Sec. 21.760. ADVISORY COMMITTEE OR PANEL. (a) The
10 commissioner may appoint a committee or panel to advise, make
11 recommendations, or make determinations relating to any duties
12 assigned to the commissioner under this subchapter.

13 (b) A committee or panel appointed under this section is not
14 subject to Chapter 2110, Government Code.

15 Sec. 21.761. RULES; FINALITY OF DECISIONS. (a) The
16 commissioner may adopt rules to implement this subchapter.

17 (b) A decision made by the commissioner under this
18 subchapter is final and may not be appealed.

19 SECTION 2.017. Section 25.0811(a), Education Code, is
20 amended to read as follows:

21 (a) Except as provided by this section, a school district
22 may not begin instruction for students for a school year before the
23 fourth Monday in August. A school district may:

24 (1) begin instruction for students for a school year
25 before the fourth Monday in August if the district operates a
26 year-round system under Section 25.084; ~~[or]~~

27 (2) begin instruction for students for a school year

1 on or after the first Monday in August at a campus or at not more
2 than 20 percent of the campuses in the district if:

3 (A) the district has a student enrollment of
4 190,000 or more;

5 (B) the district at the beginning of the school
6 year provides, financed with local funds, days of instruction for
7 students at the campus or at each of the multiple campuses, in
8 addition to the minimum [~~number of days of~~] instruction time
9 required under Section 25.081;

10 (C) the campus or each of the multiple campuses
11 is [~~are~~] undergoing comprehensive reform, as determined by the
12 board of trustees of the district; and

13 (D) a majority of the students at the campus or at
14 each of the multiple campuses are educationally disadvantaged; or

15 (3) begin instruction for students for a school year
16 on or after the third Monday in August if the district is designated
17 as a district of innovation under Chapter 12A.

18 SECTION 2.018. Section 25.085, Education Code, is amended
19 by adding Subsection (i) to read as follows:

20 (i) Notwithstanding any other provision of this section, a
21 student enrolled in a school district is not required to attend
22 school for any additional instructional days described by Section
23 48.0051.

24 SECTION 2.019. Section 28.006, Education Code, is amended
25 by amending Subsections (b), (c), (c-1), (d), and (f) and adding
26 Subsections (b-1), (b-2), (c-2), (c-3), and (l) to read as follows:

27 (b) The commissioner shall adopt a list of reading

1 instruments that a school district may use to diagnose student
2 reading development and comprehension. For use in diagnosing the
3 reading development and comprehension of kindergarten students,
4 the commissioner shall adopt a [~~include on the commissioner's list~~
5 ~~at least two~~] multidimensional assessment tool that includes
6 [~~tools. A multidimensional assessment tool on the commissioner's~~
7 ~~list must either include~~] a reading instrument and tests [~~test~~] at
8 least three developmental skills, including literacy[, ~~or test at~~
9 ~~least two developmental skills, other than literacy, and be~~
10 ~~administered in conjunction with a separate reading instrument that~~
11 ~~is on a list adopted under this subsection~~]. A multidimensional
12 assessment tool administered as provided by this subsection is
13 considered to be a reading instrument for purposes of this section.
14 A district-level committee established under Subchapter F, Chapter
15 11, may adopt a list of reading instruments for use in the district
16 in a grade level other than kindergarten in addition to the reading
17 instruments on the commissioner's list. Each reading instrument
18 adopted by the commissioner or a district-level committee must be
19 based on scientific research concerning reading skills development
20 and reading comprehension. A list of reading instruments adopted
21 under this subsection must provide for diagnosing the reading
22 development and comprehension of students participating in a
23 program under Subchapter B, Chapter 29.

24 (b-1) The commissioner may approve an alternative reading
25 instrument for use in diagnosing the reading development and
26 comprehension of kindergarten students that complies with the
27 requirements under Subsection (b).

1 (b-2) The agency may develop reading instruments for
2 purposes of this section.

3 (c) Each school district shall administer, at the
4 ~~[kindergarten and]~~ first and second grade levels, a reading
5 instrument on the list adopted by the commissioner or by the
6 district-level committee. The district shall administer the
7 reading instrument in accordance with the commissioner's
8 recommendations under Subsection (a)(1).

9 (c-1) Each school district shall administer at the
10 beginning of the seventh grade a reading instrument adopted by the
11 commissioner to each student whose performance on the assessment
12 instrument in language arts ~~[reading]~~ administered under Section
13 39.023(a) to the student in grade six did not demonstrate reading
14 proficiency, as determined by the commissioner. The district shall
15 administer the reading instrument in accordance with the
16 commissioner's recommendations under Subsection (a)(1).

17 (c-2) Each school district shall administer at the
18 kindergarten level a reading instrument adopted by the commissioner
19 under Subsection (b) or approved by the commissioner under
20 Subsection (b-1). The district shall administer the reading
21 instrument in accordance with the commissioner's recommendations
22 under Subsection (a)(1).

23 (c-3) The commissioner by rule shall determine the
24 performance on the reading instrument adopted under Subsection (b)
25 that indicates kindergarten readiness.

26 (d) The superintendent of each school district shall:

27 (1) report to the commissioner and the board of

1 trustees of the district the results of the reading instruments;

2 (2) not later than the 60th day after the date on which
3 a reading instrument was administered report, in writing, to a
4 student's parent or guardian the student's results on the ~~[reading]~~
5 instrument; and

6 (3) using the school readiness certification system
7 provided to the school district in accordance with Section
8 29.161(e), report electronically each student's raw score on the
9 reading instrument to the agency for use in the school readiness
10 certification system.

11 (f) The agency shall ensure at least one reading instrument
12 for each grade level for which a reading instrument is required to
13 be administered under this section is available to school districts
14 at no cost. ~~[This section may be implemented only if funds are~~
15 ~~appropriated for administering the reading instruments. Funds,~~
16 ~~other than local funds, may be used to pay the cost of administering~~
17 ~~a reading instrument only if the instrument is on the list adopted~~
18 ~~by the commissioner.]~~

19 (1) The commissioner may adopt rules as necessary to
20 implement this section. Section 2001.0045, Government Code, does
21 not apply to rules adopted under this subsection.

22 SECTION 2.020. Section 28.0061(b), Education Code, is
23 amended to read as follows:

24 (b) A school district is eligible to participate in the
25 pilot program if, as determined by the commissioner, the district
26 has low student performance on:

27 (1) a reading instrument administered in accordance

1 with Section 28.006(c); or

2 (2) a third grade language arts [~~reading~~] assessment
3 instrument administered under Section 39.023(a).

4 SECTION 2.021. Section 28.0211(a), Education Code, is
5 amended to read as follows:

6 (a) Except as provided by Subsection (b) or (e), a student
7 may not be promoted to:

8 (1) the sixth grade program to which the student would
9 otherwise be assigned if the student does not perform
10 satisfactorily on the fifth grade mathematics and language arts
11 [~~reading~~] assessment instruments under Section 39.023; or

12 (2) the ninth grade program to which the student would
13 otherwise be assigned if the student does not perform
14 satisfactorily on the eighth grade mathematics and language arts
15 [~~reading~~] assessment instruments under Section 39.023.

16 SECTION 2.022. Section 28.025(c), Education Code, is
17 amended to read as follows:

18 (c) A person may receive a diploma if the person is eligible
19 for a diploma under Section 28.0251. In other cases, a student may
20 graduate and receive a diploma only if:

21 (1) the student successfully completes the curriculum
22 requirements identified by the State Board of Education under
23 Subsection (a) and complies with Sections 28.0256 and [~~Section~~]
24 39.025; or

25 (2) the student successfully completes an
26 individualized education program developed under Section 29.005.

27 SECTION 2.023. Subchapter B, Chapter 28, Education Code, is

1 amended by adding Section 28.0256 to read as follows:

2 Sec. 28.0256. FINANCIAL AID APPLICATION REQUIREMENT FOR
3 HIGH SCHOOL GRADUATION. (a) Before graduating from high school,
4 each student must complete and submit a free application for
5 federal student aid (FAFSA) or, if applicable, a Texas application
6 for state financial aid (TASFA).

7 (b) A student is not required to comply with Subsection (a)
8 if:

9 (1) the student's parent or other person standing in
10 parental relation submits a signed form indicating that the parent
11 or other person authorizes the student to decline to complete and
12 submit the financial aid application; or

13 (2) the student signs and submits the form described
14 by Subdivision (1) on the student's own behalf if the student is 18
15 years of age or older or the student's disabilities of minority have
16 been removed for general purposes under Chapter 31, Family Code.

17 (c) A school district or open-enrollment charter school
18 shall adopt a form to be used for purposes of Subsection (b).

19 SECTION 2.024. Section 29.056(g), Education Code, is
20 amended to read as follows:

21 (g) A district may transfer a student of limited English
22 proficiency out of a bilingual education or special language
23 program for the first time or a subsequent time if the student is
24 able to participate equally in a regular all-English instructional
25 program as determined by:

26 (1) agency-approved tests administered at the end of
27 each school year to determine the extent to which the student has

1 developed oral and written language proficiency and specific
2 language skills in English;

3 (2) satisfactory performance on the language arts
4 ~~[reading]~~ assessment instrument under Section 39.023(a) or an
5 English language arts assessment instrument under Section
6 39.023(c), as applicable, with the assessment instrument
7 administered in English, or, if the student is enrolled in the first
8 or second grade, an achievement score at or above the 40th
9 percentile in the reading and language arts sections of an English
10 standardized test approved by the agency; and

11 (3) agency-approved criterion-referenced tests and
12 the results of a subjective teacher evaluation.

13 SECTION 2.025. Subchapter B, Chapter 29, Education Code, is
14 amended by adding Section 29.065 to read as follows:

15 Sec. 29.065. ASSISTANCE BY AGENCY. The agency shall assist
16 school districts and open-enrollment charter schools in
17 establishing bilingual education and special language programs
18 under this chapter.

19 SECTION 2.026. Section 29.122, Education Code, is amended
20 to read as follows:

21 Sec. 29.122. ESTABLISHMENT. (a) Using criteria established
22 by the State Board of Education, each school district shall adopt a
23 process for identifying and serving gifted and talented students in
24 the district and shall establish a program for those students in
25 each grade level. A district may establish a shared services
26 arrangement program with one or more other districts.

27 (b) Each school district shall adopt a policy regarding the

1 use of funds to support the district's program for gifted and
2 talented students.

3 SECTION 2.027. Subchapter D, Chapter 29, Education Code, is
4 amended by adding Section 29.124 to read as follows:

5 Sec. 29.124. CERTIFICATION AND REPORTING REQUIRED. (a)
6 Each school district shall annually certify to the commissioner
7 that the district has established a program for gifted and talented
8 students as required by this subchapter and that the program is
9 consistent with the state plan developed under Section 29.123.

10 (b) If the commissioner determines that a school district
11 has failed to comply with Subsection (a) for a school year, the
12 commissioner shall reduce the total amount of funding to which the
13 district is entitled under Chapter 48 for that school year by an
14 amount equal to the basic allotment multiplied by the product of:

15 (1) 0.12; and

16 (2) an amount equal to five percent of the students in
17 average daily attendance in the district.

18 (c) The commissioner may restore to a school district all or
19 part of the funding withheld from the district's entitlement under
20 Subsection (b) if during the school year the district complies with
21 Subsection (a).

22 (d) At the same time that a school district makes the
23 certification required under Subsection (a), the district shall
24 report to the commissioner regarding the use of funds on the
25 district's program for gifted and talented students as provided by
26 State Board of Education rule.

27 (e) Nothing in this section may be construed as limiting the

1 number of students that a school district may identify as gifted and
2 talented or serve under the district's program for gifted and
3 talented students.

4 SECTION 2.028. Section 29.153, Education Code, is amended
5 by amending Subsections (b), (c), (d), and (f) and adding
6 Subsections (c-1), (d-1), and (d-2) to read as follows:

7 (b) A child is eligible for enrollment in a prekindergarten
8 class under this section if the child is at least three years of age
9 and:

10 (1) is unable to speak and comprehend the English
11 language;

12 (2) is educationally disadvantaged;

13 (3) is a homeless child, as defined by 42 U.S.C.
14 Section 11434a, regardless of the residence of the child, of either
15 parent of the child, or of the child's guardian or other person
16 having lawful control of the child;

17 (4) is the child of an active duty member of the armed
18 forces of the United States, including the state military forces or
19 a reserve component of the armed forces, who is ordered to active
20 duty by proper authority;

21 (5) is the child of a member of the armed forces of the
22 United States, including the state military forces or a reserve
23 component of the armed forces, who was injured or killed while
24 serving on active duty;

25 (6) is or ever has been in the conservatorship of the
26 Department of Family and Protective Services following an adversary
27 hearing held as provided by Section 262.201, Family Code; [~~or~~]

1 (7) is the child of a person eligible for the Star of
2 Texas Award as:

3 (A) a peace officer under Section 3106.002,
4 Government Code;

5 (B) a firefighter under Section 3106.003,
6 Government Code; or

7 (C) an emergency medical first responder under
8 Section 3106.004, Government Code; or

9 (8) is the child of an educator employed by a school
10 district in this state.

11 (c) A prekindergarten class under this section may [~~shall~~]
12 be operated on a half-day basis for children under four years of age
13 and shall be operated on a full-day basis for children who are at
14 least four years of age. A district is not required to provide
15 transportation for a prekindergarten class, but transportation, if
16 provided, is included for funding purposes as part of the regular
17 transportation system.

18 (c-1) A prekindergarten class under this section for
19 children who are least four years of age must comply with the
20 program standards required for high quality prekindergarten
21 programs under Subchapter E-1.

22 (d) Subject to Subsections (d-1) and (d-2), on [~~On~~]
23 application of a district, the commissioner shall [~~may~~] exempt a
24 district from the application of all or any part of this section,
25 including all or any part of Subchapter E-1 for a prekindergarten
26 class described by Subsection (c-1), if the commissioner determines
27 that:

1 (1) the district would be required to construct
2 classroom facilities in order to provide prekindergarten classes;
3 or

4 (2) implementing any part of this section would result
5 in fewer eligible children being enrolled in a prekindergarten
6 class under this section.

7 (d-1) A district may not receive an exemption under
8 Subsection (d) unless the district has solicited and considered at
9 a public meeting proposals for partnerships with public or private
10 entities regarding prekindergarten classes required under this
11 section. A decision of the board of trustees regarding a
12 partnership described by this subsection is final.

13 (d-2) An exemption under Subsection (d) may not be granted
14 for a period longer than three school years and may be renewed only
15 once.

16 (f) A child who is eligible for enrollment in a
17 prekindergarten class under Subsection (b)(4), ~~[or]~~ (5), or (8)
18 remains eligible for enrollment after the child begins a
19 prekindergarten class if, as applicable, the child's parent:

20 (1) leaves the armed forces;
21 (2) ~~[or]~~ is no longer on active duty; or
22 (3) is no longer employed as an educator by a school
23 district in this state~~[, after the child begins a prekindergarten~~
24 ~~class].~~

25 SECTION 2.029. Section 29.1531(a), Education Code, is
26 amended to read as follows:

27 (a) A school district may offer on a tuition basis or use

1 district funds to provide:

2 (1) an additional half-day of prekindergarten classes
3 to children who are eligible for classes under Section 29.153 and
4 are under four years of age; and

5 (2) half-day and full-day prekindergarten classes to
6 children not eligible for classes under Section 29.153.

7 SECTION 2.030. Section 29.1532(c), Education Code, is
8 amended to read as follows:

9 (c) A school district that offers prekindergarten classes[
10 ~~including a high quality prekindergarten program class under~~
11 ~~Subchapter E-1,~~] shall include the following information in the
12 district's Public Education Information Management System (PEIMS)
13 report:

14 (1) demographic information, as determined by the
15 commissioner, on students enrolled in district and campus
16 prekindergarten classes, including the number of students who are
17 eligible for classes under Section 29.153;

18 (2) the numbers of half-day and full-day
19 prekindergarten classes offered by the district and campus;

20 (3) the number of half-day prekindergarten classes for
21 which the district has received an exemption from full-day
22 operation under Section 29.153(d);

23 (4) the sources of funding for the prekindergarten
24 classes;

25 (5) [~~4~~] the class size and ratio of instructional
26 staff to students for each prekindergarten program class offered by
27 the district and campus;

1 (6) [~~(5)~~] if the district elects to administer an
2 assessment instrument under Section 29.169 to students enrolled in
3 district and campus prekindergarten program classes, a description
4 and the results of each type of assessment instrument; and

5 (7) [~~(6)~~] curricula used in the district's
6 prekindergarten program classes.

7 SECTION 2.031. Section 29.1543, Education Code, is amended
8 to read as follows:

9 Sec. 29.1543. EARLY EDUCATION REPORTS. The agency shall
10 produce and make available to the public on the agency's Internet
11 website annual district and campus-level reports containing
12 information from the previous school year on early education in
13 school districts and open-enrollment charter schools. A report
14 under this section must contain:

15 (1) the information required by Section 29.1532(c) to
16 be reported through the Public Education Information Management
17 System (PEIMS);

18 (2) a description of the diagnostic reading
19 instruments administered in accordance with Section 28.006(c) or
20 (c-2);

21 (3) the number of students who were administered a
22 diagnostic reading instrument administered in accordance with
23 Section 28.006(c) or (c-2);

24 (4) the number of students whose scores from a
25 diagnostic reading instrument administered in accordance with
26 Section 28.006(c) or (c-2) indicate reading proficiency; [~~and~~]

27 (5) the number of kindergarten students who were

1 enrolled in a prekindergarten program in the previous school year
2 in the same district or school as the district or school in which
3 the student attends kindergarten;

4 (6) the number and percentage of students who perform
5 satisfactorily on the third grade reading or mathematics assessment
6 instrument administered under Section 39.023, disaggregated by
7 whether the student was eligible for free prekindergarten under
8 Section 29.153;

9 (7) the number of students described by Subdivision
10 (6) who attended kindergarten in the district, disaggregated by:

11 (A) whether the student met the kindergarten
12 readiness standard on the reading instrument adopted under Section
13 28.006;

14 (B) whether the student attended prekindergarten
15 in the district; and

16 (C) the type of prekindergarten the student
17 attended, if applicable; and

18 (8) the information described by Subdivisions (6) and
19 (7) disaggregated by whether the student is educationally
20 disadvantaged.

21 SECTION 2.032. Section 29.162, Education Code, is amended
22 to read as follows:

23 Sec. 29.162. RULES [~~DETERMINATION OF FULL-DAY AND~~
24 ~~HALF-DAY~~]. (a) The commissioner may adopt rules for this
25 subchapter, including rules establishing full-day and half-day
26 minutes of operation requirements as provided by Section 25.081.

27 (b) Section 2001.0045, Government Code, does not apply to

1 rules adopted under this section.

2 SECTION 2.033. The heading to Subchapter E-1, Chapter 29,
3 Education Code, is amended to read as follows:

4 SUBCHAPTER E-1. HIGH QUALITY PREKINDERGARTEN [~~GRANT~~] PROGRAM
5 REQUIREMENTS

6 SECTION 2.034. Section 29.164, Education Code, is amended
7 to read as follows:

8 Sec. 29.164. DEFINITION. In this subchapter, "program"
9 means a high quality prekindergarten [~~grant~~] program required under
10 Section 29.153(c-1) to be provided free of tuition or fees in
11 accordance with this subchapter.

12 SECTION 2.035. Section 29.167(a), Education Code, is
13 amended to read as follows:

14 (a) A school district shall select and implement a
15 curriculum for a prekindergarten [~~grant~~] program [~~under this~~
16 ~~subchapter~~] that:

17 (1) includes the prekindergarten guidelines
18 established by the agency;

19 (2) measures the progress of students in meeting the
20 recommended learning outcomes; and

21 (3) does not use national curriculum standards
22 developed by the Common Core State Standards Initiative.

23 SECTION 2.036. Section 29.170(a), Education Code, is
24 amended to read as follows:

25 (a) The commissioner shall evaluate the use and
26 effectiveness of prekindergarten funding [~~provided under this~~
27 ~~subchapter~~] in improving student learning. The commissioner shall

1 identify effective instruction strategies implemented by school
2 districts under this subchapter.

3 SECTION 2.037. Section 29.171(a), Education Code, is
4 amended to read as follows:

5 (a) A school district that offers a prekindergarten
6 ~~[participating in the grant]~~ program under this subchapter may
7 enter into a contract with an eligible private provider to provide
8 services or equipment for the program.

9 SECTION 2.038. Section 29.172, Education Code, is amended
10 to read as follows:

11 Sec. 29.172. RULES. (a) The commissioner may adopt rules
12 necessary to implement this subchapter.

13 (b) Section 2001.0045, Government Code, does not apply to
14 rules adopted under this section.

15 SECTION 2.039. Section 29.190, Education Code, is amended
16 by amending Subsection (a) and adding Subsection (a-1) to read as
17 follows:

18 (a) A student is entitled to a subsidy under this section
19 if:

20 (1) the student:

21 (A) successfully completes the career and
22 technology program of a school district in which the student
23 receives training and instruction for employment; or

24 (B) is enrolled in a special education program
25 under Subchapter A; and

26 (2) the student passes a certification examination to
27 qualify for a license or certificate that is an industry

1 certification for purposes of Section 39.053(c)(1)(B)(v),
2 administered while the student is enrolled in a school district.

3 (a-1) A student may not receive more than one subsidy under
4 this section.

5 SECTION 2.040. Section 29.556(b), Education Code, is
6 amended to read as follows:

7 (b) From funds appropriated or available for that purpose,
8 the commissioner by rule shall establish a grant program to assist
9 school districts and open-enrollment charter schools in
10 implementing the P-TECH program at a campus designated as a P-TECH
11 school under Subsection (a). The commissioner may use not more than
12 three percent of the funds used ~~[appropriated]~~ for the grant
13 program to cover the cost of administering the grant program ~~[and to~~
14 ~~provide technical assistance and support to P-TECH schools]~~.

15 SECTION 2.041. Subchapter Z, Chapter 29, Education Code, is
16 amended by adding Section 29.924 to read as follows:

17 Sec. 29.924. BLENDED LEARNING GRANT PROGRAM. (a) In this
18 section, "blended learning" means an instructional delivery method
19 that combines classroom and online instruction.

20 (b) From funds appropriated or available for purposes of
21 this section, the commissioner shall establish a grant program to
22 assist school districts and open-enrollment charter schools in
23 developing and implementing effective blended learning models,
24 including an innovative mathematics instructional program at a
25 campus designated as a mathematics innovation zone as provided by
26 Section 28.020. In awarding grants under the program, the
27 commissioner shall give priority to school districts and

open-enrollment charter schools that have the highest enrollment of students who are educationally disadvantaged.

(c) A school district or open-enrollment charter school that receives a grant under this section must:

(1) develop a plan to implement a blended learning model that meets the requirements under Subsection (d);

(2) provide training to teachers and other relevant personnel on effective blended learning practices using a program approved by the commissioner for that purpose;

(3) after completion of the training under Subdivision (2):

(A) certify to the agency that the blended learning model has been implemented; and

(B) immediately following the fourth school year of implementation, submit to the agency a report on student outcomes under the blended learning model; and

(4) provide any other information to the agency as necessary for the implementation of this section.

(d) A plan to implement a blended learning model developed under Subsection (c) must:

(1) during the first year require implementation of the model across an entire grade level at a campus and permit subsequent expansion of the model to additional grade levels at the campus or, if the campus has achieved full implementation of the model across all grade levels, to additional campuses in a manner that provides students a consistent learning experience;

(2) require teachers to personalize instruction for

1 all students in a grade level using the blended learning model,
2 including by:

3 (A) using curricula and assessments that allow
4 each student to progress at the student's pace based on
5 demonstrated proficiency;

6 (B) providing learning opportunities that give
7 students, in collaboration with the teacher, control over the time,
8 place, path, and pace of the student's learning; and

9 (C) allocating a certain amount of instructional
10 preparation time to collaborating with students and developing
11 blended learning lesson plans and activities driven by individual
12 student needs;

13 (3) provide teachers and other relevant personnel with
14 professional development opportunities regarding blended learning;
15 and

16 (4) require the use of a proficiency-based assessment
17 to inform instruction and provide teachers with relevant
18 information regarding strengths and gaps in a student's learning
19 and proficiency in the essential knowledge and skills.

20 (e) Funds awarded under the grant program may be used only
21 to implement a program under this section and satisfy the
22 requirements under Subsection (c).

23 (f) A school district or open-enrollment charter school may
24 receive a grant under this section for not more than four
25 consecutive school years.

26 (g) The commissioner shall adopt rules as necessary to
27 implement this section, including rules establishing an

1 application and selection process for awarding grants under this
2 section and a list of programs that may be used for training under
3 Subsection (c)(2). In adopting rules under this subsection, the
4 commissioner may not impose any requirements on a school district's
5 or open-enrollment charter school's plan to implement a blended
6 learning model not listed under Subsection (d).

7 SECTION 2.042. Section 34.007, Education Code, is amended
8 by amending Subsection (a) and adding Subsection (a-1) to read as
9 follows:

10 (a) A board of county school trustees or a school district
11 board of trustees may establish and operate an economical public
12 school transportation system inside or outside ~~+~~

13 ~~[(1) in]~~ the county or district ~~[7]~~ as necessary to
14 transport students enrolled in a school in the county or in the
15 district along the most efficient routes.

16 (a-1) A county or school district that provides
17 transportation for a student who transferred to a school in the
18 county or to the district under Section 25.035 shall enter
19 ~~[applicable, or~~

20 ~~[(2) outside the county or district, as applicable, if~~
21 ~~the county or school district enters]~~ into an interlocal contract
22 as provided by Chapter 791, Government Code, with the sending
23 county or district to provide transportation for the student.

24 SECTION 2.043. Section 39.022, Education Code, is amended
25 to read as follows:

26 Sec. 39.022. ASSESSMENT PROGRAM. The commissioner ~~[State~~
27 ~~Board of Education]~~ by rule shall create and implement a statewide

1 assessment program that is knowledge- and skills-based to ensure
2 school accountability for student achievement that achieves the
3 goals provided under Section 4.002. After adopting rules under this
4 section, the commissioner [~~State Board of Education~~] shall consider
5 the importance of maintaining stability in the statewide assessment
6 program when adopting any subsequent modification of the rules.

7 SECTION 2.044. Section 39.023, Education Code, is amended
8 by amending Subsections (a), (a-12), (a-13), (b-1), (c), and (c-3)
9 and adding Subsections (a-3), (a-14), (a-15), (c-7), (c-8), and (o)
10 to read as follows:

11 (a) The agency shall adopt or develop appropriate
12 criterion-referenced assessment instruments designed to assess
13 essential knowledge and skills in language arts [~~reading, writing~~],
14 mathematics, social studies, and science. Except as provided by
15 Subsection (a-2), all students, other than students assessed under
16 Subsection (b) or (l) or exempted under Section 39.027, shall be
17 assessed in:

18 (1) mathematics, annually in grades three through
19 [~~seven without the aid of technology and in grade~~] eight [~~with the~~
20 ~~aid of technology on any assessment instrument that includes~~
21 ~~algebra~~];

22 (2) language arts, including reading and writing,
23 annually in grades three through eight;

24 (3) [~~writing, including spelling and grammar, in~~
25 ~~grades four and seven~~];

26 [~~4~~] social studies, in grade eight;

27 (4) [~~5~~] science, in grades five and eight; and

1 (5) ~~[(6)]~~ any other subject and grade required by
2 federal law.

3 (a-3) For purposes of Subsection (a)(1), the commissioner
4 by rule may designate sections of a mathematics assessment
5 instrument for a grade level that:

6 (1) may be completed with the aid of technology; and

7 (2) must be completed without the aid of technology.

8 (a-12) Each ~~[An]~~ assessment instrument adopted or developed
9 under Subsection (a) must be designed so that:

10 (1) if administered to students in grades three
11 through five, 85 percent of students will be able to complete all
12 ~~[the]~~ assessment instruments for that grade ~~[instrument]~~ within an
13 aggregate period equal to the number of assessment instruments for
14 that grade multiplied by 120 minutes; and

15 (2) if administered to students in grades six through
16 eight, 85 percent of students will be able to complete all ~~[the]~~
17 assessment instruments for that grade ~~[instrument]~~ within an
18 aggregate period equal to the number of assessment instruments for
19 that grade multiplied by 180 minutes.

20 (a-13) The amount of time allowed for administration of an
21 assessment instrument adopted or developed under Subsection (a) may
22 not exceed eight hours, and the administration may occur in
23 multiple parts over more than ~~[on only]~~ one day.

24 (a-14) Subsections (a-12) and (a-13) do not apply to the
25 administration of assessment instruments for a grade level if the
26 time restriction imposed would result in a determination by the
27 commissioner that an assessment instrument is no longer valid and

1 reliable.

2 (a-15) Subsections (a-12) and (a-13) do not apply to a
3 classroom portfolio method used to assess writing performance.

4 (b-1) The agency, in conjunction with appropriate
5 interested persons, shall redevelop assessment instruments adopted
6 or developed under Subsection (b) for administration to
7 significantly cognitively disabled students in a manner consistent
8 with federal law. An assessment instrument under this subsection
9 may not require a teacher to prepare tasks or materials for a
10 student who will be administered such an assessment instrument. A
11 classroom portfolio method used to assess writing performance may
12 require a teacher to prepare tasks and materials ~~[Assessment~~
13 ~~instruments adopted or developed under this subsection shall be~~
14 ~~administered not later than the 2014-2015 school year]~~.

15 (c) The agency shall also adopt end-of-course assessment
16 instruments for secondary-level courses in Algebra I, biology,
17 English I, English II, and United States history. The Algebra I
18 end-of-course assessment instrument must be administered with the
19 aid of technology, but may include one or more parts that prohibit
20 the use of technology. The English I and English II end-of-course
21 assessment instruments must each assess essential knowledge and
22 skills in both reading and writing ~~[in the same assessment~~
23 ~~instrument]~~ and must provide a single score. A school district
24 shall comply with commissioner ~~[State Board of Education]~~ rules
25 regarding administration of the assessment instruments listed in
26 this subsection. If a student is in a special education program
27 under Subchapter A, Chapter 29, the student's admission, review,

1 and dismissal committee shall determine whether any allowable
2 modification is necessary in administering to the student an
3 assessment instrument required under this subsection. The
4 commissioner [~~State Board of Education~~] shall administer the
5 assessment instruments. An end-of-course assessment instrument
6 may be administered in multiple parts over more than one day [~~The~~
7 ~~State Board of Education shall adopt a schedule for the~~
8 ~~administration of end-of-course assessment instruments that~~
9 ~~complies with the requirements of Subsection (c-3)]~~.

10 (c-3) Except as provided by Subsection (c-7), in [~~In~~]
11 adopting a schedule for the administration of assessment
12 instruments under this section, the commissioner [~~State Board of~~
13 ~~Education~~] shall ensure that [~~require~~].

14 [~~(1)~~] assessment instruments administered under
15 Subsection (a) or (c) are not [~~to be~~] administered on the first
16 instructional day of a week [~~a schedule so that the first assessment~~
17 ~~instrument is administered at least two weeks later than the date on~~
18 ~~which the first assessment instrument was administered under~~
19 ~~Subsection (a) during the 2006-2007 school year, and~~

20 [~~(2) the spring administration of end-of-course~~
21 ~~assessment instruments under Subsection (c) to occur in each school~~
22 ~~district not earlier than the first full week in May, except that~~
23 ~~the spring administration of the end-of-course assessment~~
24 ~~instruments in English I and English II must be permitted to occur~~
25 ~~at an earlier date]~~.

26 (c-7) Subsection (c-3) does not apply to a classroom
27 portfolio method used to assess writing performance if student

1 performance under that method is less than 50 percent of a student's
2 overall assessed performance in writing.

3 (c-8) Beginning with the 2022-2023 school year, an
4 assessment instrument developed under Subsection (a) or (c) may not
5 present more than 75 percent of the questions in a multiple choice
6 format.

7 (o) The agency shall adopt or develop optional interim
8 assessment instruments for each subject or course for each grade
9 level subject to assessment under this section. A school district
10 may not be required to administer interim assessment instruments
11 adopted or developed under this subsection. An interim assessment
12 instrument:

13 (1) must be:

14 (A) predictive of the assessment instrument for
15 the applicable subject or course for that grade level required
16 under this section; and

17 (B) administered electronically; and

18 (2) may not be used for accountability purposes.

19 SECTION 2.045. Subchapter B, Chapter 39, Education Code, is
20 amended by adding Section 39.02302 to read as follows:

21 Sec. 39.02302. TECHNICAL ADVISORY COMMITTEE FOR ASSESSMENT
22 INSTRUMENTS. (a) The commissioner shall appoint a technical
23 advisory committee to advise the commissioner and the agency
24 regarding the development of valid and reliable assessment
25 instruments for purposes of this chapter. The members of the
26 committee must be experts on educational assessments and
27 psychometrics.

1 (b) The agency may compensate a member of the technical
2 advisory committee or reimburse the member for expenses incurred in
3 the performance of duties related to the member's service on the
4 committee.

5 (c) The selection of or payment to a member of the technical
6 advisory committee is not subject to Chapter 2254, Government Code.

7 SECTION 2.046. Section 39.0234, Education Code, is amended
8 to read as follows:

9 Sec. 39.0234. ELECTRONIC ADMINISTRATION OF ASSESSMENT
10 INSTRUMENTS ~~[BY COMPUTER]~~. (a) The agency shall ensure that
11 assessment instruments required under Section 39.023 are capable of
12 being administered electronically ~~[by computer]~~.

13 (b) A school district shall administer each assessment
14 instrument required under Section 39.023 electronically unless the
15 district receives a waiver from the commissioner. This subsection
16 does not apply to the administration of an assessment instrument to
17 a student who requires accommodations in the administration of the
18 assessment instrument that are not available if administered
19 electronically ~~[The commissioner may not require a school district~~
20 ~~or open-enrollment charter school to administer an assessment~~
21 ~~instrument by computer]~~.

22 SECTION 2.047. Subchapter B, Chapter 39, Education Code, is
23 amended by adding Sections 39.02341 and 39.0236 to read as follows:

24 Sec. 39.02341. TRANSITION TO ELECTRONIC ADMINISTRATION OF
25 ASSESSMENT INSTRUMENTS. (a) The agency shall develop a transition
26 plan to administer all assessment instruments required under
27 Section 39.023 electronically beginning not later than the

1 2022-2023 school year.

2 (b) As part of the transition plan, the agency may provide
3 results on an assessment instrument required under Section 39.023
4 on an accelerated schedule to school districts that administer the
5 assessment instrument electronically. For purposes of this
6 subsection, the commissioner by rule may require the results on an
7 assessment instrument administered electronically to be reported
8 to the district as soon as practicable after administration.

9 (c) Not later than December 1, 2020, the agency shall submit
10 to the governor and the members of the legislature a report on the
11 progress of transitioning to electronic administration of all
12 assessment instruments required under Section 39.023. The report
13 must include:

14 (1) information from school districts assessing the
15 needs of those districts in transitioning to electronic
16 administration;

17 (2) any recommended changes to state law to assist in
18 the transition; and

19 (3) any recommended adjustments to the timeline for
20 statewide implementation of electronic administration.

21 (d) This section expires September 1, 2023.

22 Sec. 39.0236. INTEGRATED FORMATIVE ASSESSMENT PILOT
23 PROGRAM. (a) The agency shall establish a pilot program in which
24 participating school districts administer to students integrated
25 formative assessment instruments for subjects or courses for a
26 grade level subject to assessment under Section 28.006 or 39.023.

27 (b) A school district may elect to participate in the pilot

1 program.

2 (c) A school district's participation in the pilot program
3 does not affect the district's obligations regarding the
4 administration of assessment instruments required under Section
5 39.023.

6 (d) Not later than December 1 of each even-numbered year,
7 the agency shall submit to the governor and the members of the
8 legislature a report on the pilot program that includes:

9 (1) an analysis of whether the administration of
10 integrated formative assessment instruments under the pilot
11 program provided any improvement in instructional support during
12 the preceding two school years; and

13 (2) a determination of the feasibility of replacing
14 the assessment instruments required under Section 39.023 with
15 integrated formative assessment instruments.

16 SECTION 2.048. Section 39.026, Education Code, is amended
17 to read as follows:

18 Sec. 39.026. LOCAL OPTION. In addition to the assessment
19 instruments adopted by the agency [~~and administered by the State~~
20 ~~Board of Education~~], a school district may adopt and administer
21 criterion-referenced or norm-referenced assessment instruments, or
22 both, at any grade level. A norm-referenced assessment instrument
23 adopted under this section must be economical, nationally
24 recognized, and state-approved.

25 SECTION 2.049. Sections 39.0261(a), (e), and (f), Education
26 Code, are amended to read as follows:

27 (a) In addition to the assessment instruments otherwise

1 authorized or required by this subchapter:

2 (1) each school year and at state cost, a school
3 district may administer to students in the spring of the eighth
4 grade an established, valid, reliable, and nationally
5 norm-referenced preliminary college preparation assessment
6 instrument for the purpose of diagnosing the academic strengths and
7 deficiencies of students before entrance into high school;

8 (2) each school year and at state cost, a school
9 district may administer to students in the 10th grade an
10 established, valid, reliable, and nationally norm-referenced
11 preliminary college preparation assessment instrument for the
12 purpose of measuring a student's progress toward readiness for
13 college and the workplace; and

14 (3) high school students in the spring of the 11th
15 grade or during the 12th grade may select and take once, at state
16 cost:

17 (A) ~~[7]~~ one of the valid, reliable, and
18 nationally norm-referenced assessment instruments used by colleges
19 and universities as part of their undergraduate admissions
20 processes; or

21 (B) the assessment instrument designated by the
22 Texas Higher Education Coordinating Board under Section 51.334.

23 (e) Subsection (a)(3) does not prohibit a high school
24 student ~~[in the spring of the 11th grade or during the 12th grade]~~
25 from selecting and taking, at the student's own expense, an
26 assessment instrument described by that subdivision ~~[one of the~~
27 ~~valid, reliable, and nationally norm-referenced assessment~~

1 ~~instruments used by colleges and universities as part of their~~
2 ~~undergraduate admissions processes more than once].~~

3 (f) The provisions of this section regarding assessment
4 instruments administered under Subsection (a)(1) or (2) apply only
5 if the legislature appropriates funds for those purposes [~~of this~~
6 ~~section~~].

7 SECTION 2.050. Section 39A.105, Education Code, is amended
8 to read as follows:

9 Sec. 39A.105. CONTENTS OF CAMPUS TURNAROUND PLAN. (a) A
10 campus turnaround plan must include:

11 (1) details on the method for restructuring,
12 reforming, or reconstituting the campus;

13 (2) a detailed description of the academic programs to
14 be offered at the campus, including:

15 (A) instructional methods;

16 (B) length of school day and school year;

17 (C) academic credit and promotion criteria; and

18 (D) programs to serve special student
19 populations;

20 (3) if a district charter is to be granted for the
21 campus under Section 12.0522:

22 (A) the term of the charter; and

23 (B) information on the implementation of the
24 charter;

25 (4) written comments from:

26 (A) the campus-level committee established under
27 Section 11.251, if applicable;

1 (B) parents; and

2 (C) teachers at the campus; and

3 (5) a detailed description of the budget, staffing,
4 and financial resources required to implement the plan, including
5 any supplemental resources to be provided by the school district or
6 other identified sources.

7 (b) A campus may submit an accelerated campus excellence
8 turnaround plan as provided by this subsection. The plan must
9 provide:

10 (1) the assignment of a principal to the campus who has
11 demonstrated a history of improvement in student academic growth at
12 campuses in which the principal has previously worked;

13 (2) that the principal has final authority over
14 personnel decisions at the campus;

15 (3) that at least 80 percent of the classroom teachers
16 assigned to the campus be teachers who performed in the top quartile
17 of teachers in the district that employed the teacher during the
18 previous school year, with performance determined by:

19 (A) for a teacher who taught in the district
20 during the previous school year:

21 (i) the teacher's impact on student growth;
22 and

23 (ii) an evaluation of the teacher based on
24 classroom observation; and

25 (B) for a teacher who did not teach in the
26 district during the previous school year, data and other evidence
27 indicating that if the teacher had taught in the district during the

1 previous school year, the teacher would have performed in the top
2 quartile of teachers in the district;

3 (4) a detailed description of the employment and
4 compensation structures for the principal and classroom teachers,
5 which must include:

6 (A) significant incentives for a high-performing
7 principal or teacher to remain at the campus; and

8 (B) a three-year commitment by the district to
9 continue incentives for the principal and teachers;

10 (5) policies and procedures for the implementation of
11 best practices at the campus, including:

12 (A) data-driven instructional practices;

13 (B) a system of observation of and feedback for
14 classroom teachers;

15 (C) positive student culture on the campus;

16 (D) family and community engagement, including
17 partnerships with parent and community groups; and

18 (E) extended learning opportunities for
19 students, which may include service or workforce learning
20 opportunities; and

21 (6) assistance by a third-party provider that is
22 approved by the commissioner in the development and implementation
23 of the district's plan.

24 SECTION 2.051. Section 39A.107, Education Code, is amended
25 by adding Subsection (a-3) to read as follows:

26 (a-3) Notwithstanding Subsection (a), the commissioner
27 shall approve a campus turnaround plan that the commissioner

1 determines meets the requirements for an accelerated campus
2 excellence turnaround plan under Section 39A.105(b).

3 SECTION 2.052. Subchapter C, Chapter 39A, Education Code,
4 is amended by adding Section 39A.116 to read as follows:

5 Sec. 39A.116. COMMISSIONER AUTHORITY. A decision by the
6 commissioner under this subchapter is final and may not be
7 appealed.

8 SECTION 2.053. Section 822.201(b), Government Code, is
9 amended to read as follows:

10 (b) "Salary and wages" as used in Subsection (a) means:

11 (1) normal periodic payments of money for service the
12 right to which accrues on a regular basis in proportion to the
13 service performed;

14 (2) amounts by which the member's salary is reduced
15 under a salary reduction agreement authorized by Chapter 610;

16 (3) amounts that would otherwise qualify as salary and
17 wages under Subdivision (1) but are not received directly by the
18 member pursuant to a good faith, voluntary written salary reduction
19 agreement in order to finance payments to a deferred compensation
20 or tax sheltered annuity program specifically authorized by state
21 law or to finance benefit options under a cafeteria plan qualifying
22 under Section 125 of the Internal Revenue Code of 1986, if:

23 (A) the program or benefit options are made
24 available to all employees of the employer; and

25 (B) the benefit options in the cafeteria plan are
26 limited to one or more options that provide deferred compensation,
27 group health and disability insurance, group term life insurance,

1 dependent care assistance programs, or group legal services plans;
2 (4) performance pay awarded to an employee by a school
3 district as part of a total compensation plan approved by the board
4 of trustees of the district and meeting the requirements of
5 Subsection (e);
6 (5) the benefit replacement pay a person earns under
7 Subchapter H, Chapter 659, except as provided by Subsection (c);
8 (6) stipends paid to teachers in accordance with
9 former Section 21.410, 21.411, 21.412, or 21.413, Education Code;
10 (7) amounts by which the member's salary is reduced or
11 that are deducted from the member's salary as authorized by
12 Subchapter J, Chapter 659;
13 (8) a merit salary increase made under Section 51.962,
14 Education Code;
15 (9) amounts received under the relevant parts of the
16 educator excellence awards program under Subchapter O, Chapter 21,
17 Education Code, or a mentoring program under Section 21.458,
18 Education Code, that authorize compensation for service;
19 (10) salary amounts designated as health care
20 supplementation by an employee under Subchapter D, Chapter 22,
21 Education Code; ~~and~~
22 (11) to the extent required by Sections 3401(h) and
23 414(u)(12), Internal Revenue Code of 1986, differential wage
24 payments received by an individual from an employer on or after
25 January 1, 2009, while the individual is performing qualified
26 military service as defined by Section 414(u), Internal Revenue
27 Code of 1986; and

1 (12) a salary increase paid to classroom teachers and
2 librarians under Section 21.4023, Education Code.

3 ARTICLE 3. CONFORMING CHANGES

4 SECTION 3.001. Sections 7.055(b)(34) and (35), Education
5 Code, are amended to read as follows:

6 (34) The commissioner shall perform duties in
7 connection with the options for local revenue levels in excess of
8 entitlement [~~equalized wealth level~~] under Chapter 49 [~~41~~].

9 (35) The commissioner shall perform duties in
10 connection with the Foundation School Program as prescribed by
11 Chapter 48 [~~42~~].

12 SECTION 3.002. Sections 7.062(a) and (c), Education Code,
13 are amended to read as follows:

14 (a) In this section, "wealth per student" means a school
15 district's taxable value of property as determined under Subchapter
16 M, Chapter 403, Government Code, or, if applicable, Section 48.258
17 [~~42.2521~~], divided by the district's average daily attendance as
18 determined under Section 48.005 [~~42.005~~].

19 (c) Except as otherwise provided by this subsection, if the
20 commissioner certifies that the amount appropriated for a state
21 fiscal year for purposes of Subchapters A and B, Chapter 46, exceeds
22 the amount to which school districts are entitled under those
23 subchapters for that year, the commissioner shall use the excess
24 funds, in an amount not to exceed \$20 million in any state fiscal
25 year, for the purpose of making grants under this section. The use
26 of excess funds under this subsection has priority over any
27 provision of Chapter 48 [~~42~~] that permits or directs the use of

1 excess foundation school program funds, including Sections 48.258
2 [~~42.2517, 42.2521~~], 48.259 [~~42.2522~~], and 48.267 [~~42.2531~~]. The
3 commissioner is required to use excess funds as provided by this
4 subsection only if the commissioner is not required to reduce the
5 total amount of state funds allocated to school districts under
6 Section 48.266(f) [~~42.253(h)~~].

7 SECTION 3.003. Section 7.102(c)(30), Education Code, is
8 amended to read as follows:

9 (30) The board shall perform duties in connection with
10 the Foundation School Program as prescribed by Chapter 48 [~~42~~].

11 SECTION 3.004. Section 8.051(d), Education Code, is amended
12 to read as follows:

13 (d) Each regional education service center shall maintain
14 core services for purchase by school districts and campuses. The
15 core services are:

16 (1) training and assistance in:

17 (A) teaching each subject area assessed under
18 Section 39.023; and

19 (B) providing instruction in personal financial
20 literacy as required under Section 28.0021;

21 (2) training and assistance in providing a gifted and
22 talented program and each program that qualifies for a funding
23 allotment under Section 48.102 [~~42.151~~], 48.104 [~~42.152~~], or 48.105
24 [~~42.153, or 42.156~~];

25 (3) assistance specifically designed for a school
26 district or campus assigned an unacceptable performance rating
27 under Section 39.054;

1 (4) training and assistance to teachers,
2 administrators, members of district boards of trustees, and members
3 of site-based decision-making committees;

4 (5) assistance specifically designed for a school
5 district that is considered out of compliance with state or federal
6 special education requirements, based on the agency's most recent
7 compliance review of the district's special education programs; and

8 (6) assistance in complying with state laws and rules.

9 SECTION 3.005. Section 8.056, Education Code, is amended to
10 read as follows:

11 Sec. 8.056. LIMITATION ON COMPENSATION FOR CERTAIN
12 SERVICES. A regional education service center that acts as a fiscal
13 agent or broker in connection with an agreement between two school
14 districts under Subchapter E, Chapter 49 [~~41~~], may not, unless
15 authorized in writing by the district receiving transferred funds
16 in accordance with the agreement:

17 (1) be compensated by the districts in an amount that
18 exceeds the administrative cost of providing the service; or

19 (2) otherwise retain for use by the center any amount
20 other than the compensation permitted under Subdivision (1) from
21 the funds transferred between the districts in accordance with the
22 agreement.

23 SECTION 3.006. Section 11.158(a), Education Code, is
24 amended to read as follows:

25 (a) The board of trustees of an independent school district
26 may require payment of:

27 (1) a fee for materials used in any program in which

1 the resultant product in excess of minimum requirements becomes, at
2 the student's option, the personal property of the student, if the
3 fee does not exceed the cost of materials;

4 (2) membership dues in student organizations or clubs
5 and admission fees or charges for attending extracurricular
6 activities, if membership or attendance is voluntary;

7 (3) a security deposit for the return of materials,
8 supplies, or equipment;

9 (4) a fee for personal physical education and athletic
10 equipment and apparel, although any student may provide the
11 student's own equipment or apparel if it meets reasonable
12 requirements and standards relating to health and safety
13 established by the board;

14 (5) a fee for items of personal use or products that a
15 student may purchase at the student's option, such as student
16 publications, class rings, annuals, and graduation announcements;

17 (6) a fee specifically permitted by any other statute;

18 (7) a fee for an authorized voluntary student health
19 and accident benefit plan;

20 (8) a reasonable fee, not to exceed the actual annual
21 maintenance cost, for the use of musical instruments and uniforms
22 owned or rented by the district;

23 (9) a fee for items of personal apparel that become the
24 property of the student and that are used in extracurricular
25 activities;

26 (10) a parking fee or a fee for an identification card;

27 (11) a fee for a driver training course, not to exceed

1 the actual district cost per student in the program for the current
2 school year;

3 (12) a fee for a course offered for credit that
4 requires the use of facilities not available on the school premises
5 or the employment of an educator who is not part of the school's
6 regular staff, if participation in the course is at the student's
7 option;

8 (13) a fee for a course offered during summer school,
9 except that the board may charge a fee for a course required for
10 graduation only if the course is also offered without a fee during
11 the regular school year;

12 (14) a reasonable fee for transportation of a student
13 who lives within two miles of the school the student attends to and
14 from that school, except that the board may not charge a fee for
15 transportation for which the school district receives funds under
16 Section 48.151(d) [~~42.155(d)~~];

17 (15) a reasonable fee, not to exceed \$50, for costs
18 associated with an educational program offered outside of regular
19 school hours through which a student who was absent from class
20 receives instruction voluntarily for the purpose of making up the
21 missed instruction and meeting the level of attendance required
22 under Section 25.092; or

23 (16) if the district does not receive any funds under
24 Section 48.151 [~~42.155~~] and does not participate in a county
25 transportation system for which an allotment is provided under
26 Section 48.151(i) [~~42.155(i)~~], a reasonable fee for the
27 transportation of a student to and from the school the student

1 attends.

2 SECTION 3.007. Section 11.174(a), Education Code, is
3 amended to read as follows:

4 (a) A school district campus qualifies for an exemption from
5 intervention as provided by Subsection (f) and qualifies for
6 funding as provided by Section 48.252 [~~42.2511~~] if the board of
7 trustees of the district contracts to partner to operate the
8 district campus as provided by this section with:

9 (1) the governing body of an open-enrollment charter
10 school; or

11 (2) on approval by the commissioner, an entity granted
12 a charter by the district under Subchapter C, Chapter 12, that is
13 eligible to be awarded a charter under Section 12.101(a).

14 SECTION 3.008. Section 12.013(b), Education Code, is
15 amended to read as follows:

16 (b) A home-rule school district is subject to:

17 (1) a provision of this title establishing a criminal
18 offense;

19 (2) a provision of this title relating to limitations
20 on liability; and

21 (3) a prohibition, restriction, or requirement, as
22 applicable, imposed by this title or a rule adopted under this
23 title, relating to:

24 (A) the Public Education Information Management
25 System (PEIMS) to the extent necessary to monitor compliance with
26 this subchapter as determined by the commissioner;

27 (B) educator certification under Chapter 21 and

1 educator rights under Sections 21.407, 21.408, and 22.001;
2 (C) criminal history records under Subchapter C,
3 Chapter 22;
4 (D) student admissions under Section 25.001;
5 (E) school attendance under Sections 25.085,
6 25.086, and 25.087;
7 (F) inter-district or inter-county transfers of
8 students under Subchapter B, Chapter 25;
9 (G) elementary class size limits under Section
10 25.112, in the case of any campus in the district that fails to
11 satisfy any standard under Section 39.054(e);
12 (H) high school graduation under Section 28.025;
13 (I) special education programs under Subchapter
14 A, Chapter 29;
15 (J) bilingual education under Subchapter B,
16 Chapter 29;
17 (K) prekindergarten programs under Subchapter E,
18 Chapter 29;
19 (L) safety provisions relating to the
20 transportation of students under Sections 34.002, 34.003, 34.004,
21 and 34.008;
22 (M) computation and distribution of state aid
23 under Chapters 31, ~~42, and~~ 43, and 48;
24 (N) extracurricular activities under Section
25 33.081;
26 (O) health and safety under Chapter 38;
27 (P) public school accountability under

1 Subchapters B, C, D, and J, Chapter 39, and Chapter 39A;

2 (Q) options for local revenue levels in excess of
3 entitlement [~~equalized wealth~~] under Chapter 49 [~~41~~];

4 (R) a bond or other obligation or tax rate under
5 Chapters [~~42, 43~~] 43, [~~and~~] 45, and 48; and

6 (S) purchasing under Chapter 44.

7 SECTION 3.009. Section 12.029(b), Education Code, is
8 amended to read as follows:

9 (b) Except as provided by Subchapter H, Chapter 49 [~~41~~], if
10 two or more school districts having different status, one of which
11 is home-rule school district status, consolidate into a single
12 district, the petition under Section 13.003 initiating the
13 consolidation must state the status for the consolidated district.
14 The ballot shall be printed to permit voting for or against the
15 proposition: "Consolidation of (names of school districts) into a
16 single school district governed as (status of school district
17 specified in the petition)."

18 SECTION 3.010. Section 13.051(c), Education Code, is
19 amended to read as follows:

20 (c) Territory that does not have residents may be detached
21 from a school district and annexed to another school district if:

22 (1) the total taxable value of the property in the
23 territory according to the most recent certified appraisal roll for
24 each school district is not greater than:

25 (A) five percent of the district's taxable value
26 of all property in that district as determined under Subchapter M,
27 Chapter 403, Government Code; and

1 (B) \$5,000 property value per student in average
2 daily attendance as determined under Section 48.005 [~~42.005~~]; and

3 (2) the school district from which the property will
4 be detached does not own any real property located in the territory.

5 SECTION 3.011. Sections 13.054(f) and (i), Education Code,
6 are amended to read as follows:

7 (f) For five years beginning with the school year in which
8 the annexation occurs, a school district shall receive additional
9 funding under this subsection or Subsection (h). The amount of
10 funding shall be determined by multiplying the lesser of the
11 enlarged district's local fund assignment computed under Section
12 48.256 [~~42.252~~] or the enlarged district's total cost of tier one by
13 a fraction, the numerator of which is the number of students
14 residing in the territory annexed to the receiving district
15 preceding the date of the annexation and the denominator of which is
16 the number of students residing in the district as enlarged on the
17 date of the annexation.

18 (i) The funding provided under Subsection (f), (g), or (h)
19 is in addition to other funding the district receives through other
20 provisions of this code, including Chapters 48 [~~41~~] and 49 [~~42~~].

21 SECTION 3.012. Sections 13.282(a) and (b), Education Code,
22 are amended to read as follows:

23 (a) The amount of incentive aid payments may not exceed the
24 difference between:

25 (1) the sum of the entitlements computed under Section
26 48.266 [~~42.253~~] that would have been paid to the districts included
27 in the reorganized district if the districts had not been

1 consolidated; and

2 (2) the amount to which the reorganized district is
3 entitled under Section 48.266 [~~42.253~~].

4 (b) If the reorganized district is not eligible for an
5 entitlement under Section 48.266 [~~42.253~~], the amount of the
6 incentive aid payments may not exceed the sum of the entitlements
7 computed under Section 48.266 [~~42.253~~] for which the districts
8 included in the reorganized district were eligible in the school
9 year when they were consolidated.

10 SECTION 3.013. Section 13.283, Education Code, is amended
11 to read as follows:

12 Sec. 13.283. PAYMENTS REDUCED. The incentive aid payments
13 shall be reduced in direct proportion to any reduction in the
14 average daily attendance as determined under Section 48.005
15 [~~42.005~~] of the reorganized school district for the preceding year.

16 SECTION 3.014. Section 21.402(a), Education Code, is
17 amended to read as follows:

18 (a) Except as provided by Subsection (e-1) or (f), a school
19 district must pay each classroom teacher, full-time librarian,
20 full-time school counselor certified under Subchapter B, or
21 full-time school nurse not less than the minimum monthly salary,
22 based on the employee's level of experience in addition to other
23 factors, as determined by commissioner rule, determined by the
24 following formula:

$$MS = SF \times FS$$

26 where:

27 "MS" is the minimum monthly salary;

1 "SF" is the applicable salary factor specified by Subsection
2 (c); and

3 "FS" is the amount, as determined by the commissioner under
4 Subsection (b), of the basic allotment as provided by Section
5 48.051(a) [~~42.101(a)~~] or (b) for a school district with a
6 maintenance and operations tax rate at least equal to the state
7 maximum compressed tax rate, as defined by Section 48.051(a)
8 [~~42.101(a)~~].

9 SECTION 3.015. Section 21.4021(a), Education Code, is
10 amended to read as follows:

11 (a) Notwithstanding Section 21.401 and subject to Section
12 21.4022, the board of trustees of a school district may, in
13 accordance with district policy, implement a furlough program and
14 reduce the number of days of service otherwise required under
15 Section 21.401 by not more than six days of service during a school
16 year if the commissioner certifies in accordance with Section
17 48.010 [~~42.009~~] that the district will be provided with less state
18 and local funding for that year than was provided to the district
19 for the 2010-2011 school year.

20 SECTION 3.016. Section 21.410(h), Education Code, is
21 amended to read as follows:

22 (h) A grant a school district receives under this section is
23 in addition to any funding the district receives under Chapter 48
24 [~~42~~]. The commissioner shall distribute funds under this section
25 with the Foundation School Program payment to which the district is
26 entitled as soon as practicable after the end of the school year as
27 determined by the commissioner. A district to which Chapter 49 [~~41~~]

1 applies is entitled to the grants paid under this section. The
2 commissioner shall determine the timing of the distribution of
3 grants to a district that does not receive Foundation School
4 Program payments.

5 SECTION 3.017. Section 21.411(h), Education Code, is
6 amended to read as follows:

7 (h) A grant a school district receives under this section is
8 in addition to any funding the district receives under Chapter 48
9 [~~42~~]. The commissioner shall distribute funds under this section
10 with the Foundation School Program payment to which the district is
11 entitled as soon as practicable after the end of the school year as
12 determined by the commissioner. A district to which Chapter 49 [~~41~~]
13 applies is entitled to the grants paid under this section. The
14 commissioner shall determine the timing of the distribution of
15 grants to a district that does not receive Foundation School
16 Program payments.

17 SECTION 3.018. Section 21.412(h), Education Code, is
18 amended to read as follows:

19 (h) A grant a school district receives under this section is
20 in addition to any funding the district receives under Chapter 48
21 [~~42~~]. The commissioner shall distribute funds under this section
22 with the Foundation School Program payment to which the district is
23 entitled as soon as practicable after the end of the school year as
24 determined by the commissioner. A district to which Chapter 49 [~~41~~]
25 applies is entitled to the grants paid under this section. The
26 commissioner shall determine the timing of the distribution of
27 grants to a district that does not receive Foundation School

1 Program payments.

2 SECTION 3.019. Section 21.413(h), Education Code, is
3 amended to read as follows:

4 (h) A grant a school district receives under this section is
5 in addition to any funding the district receives under Chapter 48
6 [~~42~~]. The commissioner shall distribute funds under this section
7 with the Foundation School Program payment to which the district is
8 entitled as soon as practicable after the end of the school year as
9 determined by the commissioner. A district to which Chapter 49 [~~41~~]
10 applies is entitled to the grants paid under this section. The
11 commissioner shall determine the timing of the distribution of
12 grants to a district that does not receive Foundation School
13 Program payments.

14 SECTION 3.020. Section 25.001(a), Education Code, is
15 amended to read as follows:

16 (a) A person who, on the first day of September of any school
17 year, is at least five years of age and under 21 years of age, or is
18 at least 21 years of age and under 26 years of age and is admitted by
19 a school district to complete the requirements for a high school
20 diploma is entitled to the benefits of the available school fund for
21 that year. Any other person enrolled in a prekindergarten class
22 under Section 29.153 [~~or Subchapter E-1, Chapter 29,~~] is entitled
23 to the benefits of the available school fund.

24 SECTION 3.021. Section 25.008(b), Education Code, is
25 amended to read as follows:

26 (b) Subsection (a) does not apply to enrollment in a program
27 under Section 29.088 or [~~7~~] 29.090[~~, or 29.098~~] or in a similar

1 intensive program.

2 SECTION 3.022. Section 25.081(e), Education Code, is
3 amended to read as follows:

4 (e) A school district or education program is exempt from
5 the minimum minutes of operation requirement if the district's or
6 program's average daily attendance is calculated under Section
7 48.005(j) [~~42.005(j)~~].

8 SECTION 3.023. Section 25.081(f), Education Code, as added
9 by Chapter 851 (H.B. 2442), Acts of the 85th Legislature, Regular
10 Session, 2017, is amended to read as follows:

11 (f) The commissioner may proportionally reduce the amount
12 of funding a district receives under Chapter [~~41, 42, or~~] 46, 48, or
13 49 and the average daily attendance calculation for the district if
14 the district operates on a calendar that provides fewer minutes of
15 operation than required under Subsection (a).

16 SECTION 3.024. Sections 25.112(a) and (b), Education Code,
17 are amended to read as follows:

18 (a) Except as otherwise authorized by this section, a school
19 district may not enroll more than 22 students in a kindergarten,
20 first, second, third, or fourth grade class. That limitation does
21 not apply during:

22 (1) any 12-week period of the school year selected by
23 the district, in the case of a district whose average daily
24 attendance is adjusted under Section 48.005(c) [~~42.005(c)~~]; or

25 (2) the last 12 weeks of any school year in the case of
26 any other district.

27 (b) Not later than the 30th day after the first day of the

1 12-week period for which a district whose average daily attendance
2 is adjusted under Section 48.005(c) [~~42.005(c)~~] is claiming an
3 exemption under Subsection (a), the district shall notify the
4 commissioner in writing that the district is claiming an exemption
5 for the period stated in the notice.

6 SECTION 3.025. Section 28.0061(b), Education Code, is
7 amended to read as follows:

8 (b) A school district is eligible to participate in the
9 pilot program if, as determined by the commissioner, the district
10 has low student performance on:

11 (1) a reading instrument administered in accordance
12 with Section 28.006(c) or (c-2); or

13 (2) a third grade reading assessment instrument
14 administered under Section 39.023(a).

15 SECTION 3.026. Section 28.0211(m-1), Education Code, is
16 amended to read as follows:

17 (m-1) For purposes of certification under Subsection (m),
18 the commissioner may not consider Foundation School Program funds
19 except for compensatory education funds under Section 48.104
20 [~~42.152~~]. This section may be implemented only if the commissioner
21 certifies that sufficient funds have been appropriated during a
22 school year for administering the accelerated instruction programs
23 specified under this section and Section 28.0217, including teacher
24 training for that purpose.

25 SECTION 3.027. Section 29.001, Education Code, is amended
26 to read as follows:

27 Sec. 29.001. STATEWIDE PLAN. The agency shall develop, and

1 modify as necessary, a statewide design, consistent with federal
2 law, for the delivery of services to children with disabilities in
3 this state that includes rules for the administration and funding
4 of the special education program so that a free appropriate public
5 education is available to all of those children between the ages of
6 three and 21. The statewide design shall include the provision of
7 services primarily through school districts and shared services
8 arrangements, supplemented by regional education service
9 centers. The agency shall also develop and implement a statewide
10 plan with programmatic content that includes procedures designed
11 to:

12 (1) ensure state compliance with requirements for
13 supplemental federal funding for all state-administered programs
14 involving the delivery of instructional or related services to
15 students with disabilities;

16 (2) facilitate interagency coordination when other
17 state agencies are involved in the delivery of instructional or
18 related services to students with disabilities;

19 (3) periodically assess statewide personnel needs in
20 all areas of specialization related to special education and pursue
21 strategies to meet those needs through a consortium of
22 representatives from regional education service centers, local
23 education agencies, and institutions of higher education and
24 through other available alternatives;

25 (4) ensure that regional education service centers
26 throughout the state maintain a regional support function, which
27 may include direct service delivery and a component designed to

1 facilitate the placement of students with disabilities who cannot
2 be appropriately served in their resident districts;

3 (5) allow the agency to effectively monitor and
4 periodically conduct site visits of all school districts to ensure
5 that rules adopted under this section are applied in a consistent
6 and uniform manner, to ensure that districts are complying with
7 those rules, and to ensure that annual statistical reports filed by
8 the districts and not otherwise available through the Public
9 Education Information Management System under Sections 48.008 and
10 48.009 [~~Section 42.006~~] are accurate and complete;

11 (6) ensure that appropriately trained personnel are
12 involved in the diagnostic and evaluative procedures operating in
13 all districts and that those personnel routinely serve on district
14 admissions, review, and dismissal committees;

15 (7) ensure that an individualized education program
16 for each student with a disability is properly developed,
17 implemented, and maintained in the least restrictive environment
18 that is appropriate to meet the student's educational needs;

19 (8) ensure that, when appropriate, each student with a
20 disability is provided an opportunity to participate in career and
21 technology and physical education classes, in addition to
22 participating in regular or special classes;

23 (9) ensure that each student with a disability is
24 provided necessary related services;

25 (10) ensure that an individual assigned to act as a
26 surrogate parent for a child with a disability, as provided by 20
27 U.S.C. Section 1415(b), is required to:

1 (A) complete a training program that complies
2 with minimum standards established by agency rule;

3 (B) visit the child and the child's school;

4 (C) consult with persons involved in the child's
5 education, including teachers, caseworkers, court-appointed
6 volunteers, guardians ad litem, attorneys ad litem, foster parents,
7 and caretakers;

8 (D) review the child's educational records;

9 (E) attend meetings of the child's admission,
10 review, and dismissal committee;

11 (F) exercise independent judgment in pursuing
12 the child's interests; and

13 (G) exercise the child's due process rights under
14 applicable state and federal law; and

15 (11) ensure that each district develops a process to
16 be used by a teacher who instructs a student with a disability in a
17 regular classroom setting:

18 (A) to request a review of the student's
19 individualized education program;

20 (B) to provide input in the development of the
21 student's individualized education program;

22 (C) that provides for a timely district response
23 to the teacher's request; and

24 (D) that provides for notification to the
25 student's parent or legal guardian of that response.

26 SECTION 3.028. Section 29.002, Education Code, is amended
27 to read as follows:

1 Sec. 29.002. DEFINITION. In this subchapter, "special
2 services" means:

3 (1) special education instruction, which may be
4 provided by professional and supported by paraprofessional
5 personnel in the regular classroom or in an instructional
6 arrangement described by Section 48.102 [~~42.151~~]; and

7 (2) related services, which are developmental,
8 corrective, supportive, or evaluative services, not instructional
9 in nature, that may be required for the student to benefit from
10 special education instruction and for implementation of a student's
11 individualized education program.

12 SECTION 3.029. Section 29.008(b), Education Code, is
13 amended to read as follows:

14 (b) Except as provided by Subsection (c), costs of an
15 approved contract for residential placement may be paid from a
16 combination of federal, state, and local funds. The local share of
17 the total contract cost for each student is that portion of the
18 local tax effort that exceeds the district's local fund assignment
19 under Section 48.256 [~~42.252~~], divided by the average daily
20 attendance in the district. If the contract involves a private
21 facility, the state share of the total contract cost is that amount
22 remaining after subtracting the local share. If the contract
23 involves a public facility, the state share is that amount
24 remaining after subtracting the local share from the portion of the
25 contract that involves the costs of instructional and related
26 services. For purposes of this subsection, "local tax effort"
27 means the total amount of money generated by taxes imposed for debt

1 service and maintenance and operation less any amounts paid into a
2 tax increment fund under Chapter 311, Tax Code.

3 SECTION 3.030. Section 29.014(d), Education Code, is
4 amended to read as follows:

5 (d) The basic allotment for a student enrolled in a district
6 to which this section applies is adjusted by[+]

7 [~~(1) the cost of education adjustment under Section~~
8 ~~42.102 for the school district in which the district is~~
9 ~~geographically located; and~~

10 [~~(2)~~] the weight for a homebound student under Section
11 48.102(a) [~~42.151(a)~~].

12 SECTION 3.031. Section 29.018(b), Education Code, is
13 amended to read as follows:

14 (b) A school district is eligible to apply for a grant under
15 this section if:

16 (1) the district does not receive sufficient funds,
17 including state funds provided under Section 48.102 [~~42.151~~] and
18 federal funds, for a student with disabilities to pay for the
19 special education services provided to the student; or

20 (2) the district does not receive sufficient funds,
21 including state funds provided under Section 48.102 [~~42.151~~] and
22 federal funds, for all students with disabilities in the district
23 to pay for the special education services provided to the students.

24 SECTION 3.032. Section 29.022(u)(3), Education Code, is
25 amended to read as follows:

26 (3) "Self-contained classroom" does not include a
27 classroom that is a resource room instructional arrangement under

1 Section 48.102 [~~42.151~~].

2 SECTION 3.033. Section 29.081(b-2), Education Code, is
3 amended to read as follows:

4 (b-2) A district that is required to provide accelerated
5 instruction under Subsection (b-1) shall separately budget
6 sufficient funds, including funds under Section 48.104 [~~42.152~~],
7 for that purpose. [~~A district may not budget funds received under~~
8 ~~Section 42.152 for any other purpose until the district adopts a~~
9 ~~budget to support additional accelerated instruction under~~
10 ~~Subsection (b-1).~~]

11 SECTION 3.034. Section 29.082(a), Education Code, is
12 amended to read as follows:

13 (a) A school district may set aside an amount from the
14 district's allotment under Section 48.104 [~~42.152~~] or may apply to
15 the agency for funding of an extended year program for a period not
16 to exceed 30 instructional days for students in:

17 (1) kindergarten through grade 11 who are identified
18 as likely not to be promoted to the next grade level for the
19 succeeding school year; or

20 (2) grade 12 who are identified as likely not to
21 graduate from high school before the beginning of the succeeding
22 school year.

23 SECTION 3.035. Section 29.086(e), Education Code, is
24 amended to read as follows:

25 (e) The amount of a grant under this section must take into
26 account funds distributed to the school district under Chapter 48
27 [~~42~~].

1 SECTION 3.036. Sections 29.087(h) and (j), Education Code,
2 are amended to read as follows:

3 (h) A student who has received a high school equivalency
4 certificate is entitled to enroll in a public school as authorized
5 by Section 25.001 and is entitled to the benefits of the Foundation
6 School Program under Section 48.003 [~~42.003~~] in the same manner as
7 any other student who has not received a high school diploma.

8 (j) For purposes of funding under Chapters [~~41, 42, and~~] 46,
9 48, and 49, a student attending a program authorized by this section
10 may be counted in attendance only for the actual number of hours
11 each school day the student attends the program, in accordance with
12 Section 25.081.

13 SECTION 3.037. Section 29.089(b), Education Code, is
14 amended to read as follows:

15 (b) The commissioner, in consultation with the governor,
16 lieutenant governor, and speaker of the house of representatives,
17 by rule shall determine accountability standards under this section
18 for a school district providing a mentoring services program using
19 funds allocated under Section 48.104 [~~42.152~~].

20 SECTION 3.038. Sections 29.203(b) and (c), Education Code,
21 are amended to read as follows:

22 (b) A school district is entitled to the allotment provided
23 by Section 48.107 [~~42.157~~] for each eligible student using a public
24 education grant. If the district has a local revenue level [~~wealth~~
25 ~~per student~~] greater than the guaranteed local revenue [~~wealth~~
26 level but less than the [~~equalized wealth~~] level established under
27 Section 48.257, a school district is entitled under rules adopted

1 by the commissioner to additional state aid in an amount equal to
2 the difference between the cost to the district of providing
3 services to a student using a public education grant and the sum of
4 the state aid received because of the allotment under Section
5 48.107 [~~42.157~~] and money from the available school fund
6 attributable to the student.

7 (c) A school district is entitled to additional facilities
8 assistance under Section 48.301 [~~42.4101~~] if the district agrees
9 to:

10 (1) accept a number of students using public education
11 grants that is at least one percent of the district's average daily
12 attendance for the preceding school year; and

13 (2) provide services to each student until the student
14 either voluntarily decides to attend a school in a different
15 district or graduates from high school.

16 SECTION 3.039. Section 29.203(g)(2), Education Code, is
17 amended to read as follows:

18 (2) "Guaranteed local revenue [~~wealth~~] level" means a
19 local revenue level [~~wealth per student~~] equal to the dollar amount
20 guaranteed level of state and local funds per weighted student per
21 cent of tax effort, as provided by Section 48.202 [~~42.302~~],
22 multiplied by 10,000.

23 SECTION 3.040. Section 29.403(b), Education Code, is
24 amended to read as follows:

25 (b) A student who is enrolled in a program under this
26 subchapter is included in determining the average daily attendance
27 under Section 48.005 [~~42.005~~] of the partnering school district.

SECTION 3.041. Sections 29.918(a) and (b), Education Code, are amended to read as follows:

(a) Notwithstanding Section 48.104 [~~39.234 or 42.152~~], a school district or open-enrollment charter school with a high dropout rate, as determined by the commissioner, must submit a plan to the commissioner describing the manner in which the district or charter school intends to use the compensatory education allotment under Section 48.104 [~~42.152 and the high school allotment under Section 42.160~~] for developing and implementing research-based strategies for dropout prevention. The district or charter school shall submit the plan not later than December 1 of each school year preceding the school year in which the district or charter school will receive the compensatory education allotment [~~or high school allotment~~] to which the plan applies.

(b) A school district or open-enrollment charter school to which this section applies may not spend or obligate more than 25 percent of the district's or charter school's compensatory education allotment [~~or high school allotment~~] unless the commissioner approves the plan submitted under Subsection (a). The commissioner shall complete an initial review of the district's or charter school's plan not later than March 1 of the school year preceding the school year in which the district or charter school will receive the compensatory education allotment [~~or high school allotment~~] to which the plan applies.

SECTION 3.042. Section 30A.002(a), Education Code, is amended to read as follows:

(a) A student is eligible to enroll in a course provided

1 through the state virtual school network only if the student:

2 (1) on September 1 of the school year:

3 (A) is younger than 21 years of age; or

4 (B) is younger than 26 years of age and entitled
5 to the benefits of the Foundation School Program under Section
6 48.003 [~~42.003~~];

7 (2) has not graduated from high school; and

8 (3) is otherwise eligible to enroll in a public school
9 in this state.

10 SECTION 3.043. Section 30A.153(a), Education Code, is
11 amended to read as follows:

12 (a) Subject to the limitation imposed under Subsection
13 (a-1), a school district or open-enrollment charter school in which
14 a student is enrolled is entitled to funding under Chapter 48 [~~42~~]
15 or in accordance with the terms of a charter granted under Section
16 12.101 for the student's enrollment in an electronic course offered
17 through the state virtual school network in the same manner that the
18 district or school is entitled to funding for the student's
19 enrollment in courses provided in a traditional classroom setting,
20 provided that the student successfully completes the electronic
21 course.

22 SECTION 3.044. Section 34.002(c), Education Code, is
23 amended to read as follows:

24 (c) A school district that fails or refuses to meet the
25 safety standards for school buses established under this section is
26 ineligible to share in the transportation allotment under Section
27 48.151 [~~42.155~~] until the first anniversary of the date the

1 district begins complying with the safety standards.

2 SECTION 3.045. Section 37.0061, Education Code, is amended
3 to read as follows:

4 Sec. 37.0061. FUNDING FOR ALTERNATIVE EDUCATION SERVICES IN
5 JUVENILE RESIDENTIAL FACILITIES. A school district that provides
6 education services to pre-adjudicated and post-adjudicated
7 students who are confined by court order in a juvenile residential
8 facility operated by a juvenile board is entitled to count such
9 students in the district's average daily attendance for purposes of
10 receipt of state funds under the Foundation School Program. If the
11 district has a local revenue level [~~wealth per student~~] greater
12 than the guaranteed local revenue [~~wealth~~] level but less than the
13 [~~equalized wealth~~] level established under Section 48.257, the
14 district in which the student is enrolled on the date a court orders
15 the student to be confined to a juvenile residential facility shall
16 transfer to the district providing education services an amount
17 equal to the difference between the average Foundation School
18 Program costs per student of the district providing education
19 services and the sum of the state aid and the money from the
20 available school fund received by the district that is attributable
21 to the student for the portion of the school year for which the
22 district provides education services to the student.

23 SECTION 3.046. Section 37.011(h), Education Code, is
24 amended to read as follows:

25 (h) Academically, the mission of juvenile justice
26 alternative education programs shall be to enable students to
27 perform at grade level. For purposes of accountability under

1 Chapters 39 and 39A, a student enrolled in a juvenile justice
2 alternative education program is reported as if the student were
3 enrolled at the student's assigned campus in the student's
4 regularly assigned education program, including a special
5 education program. Annually the Texas Juvenile Justice
6 Department, with the agreement of the commissioner, shall develop
7 and implement a system of accountability consistent with Chapters
8 39 and 39A, where appropriate, to assure that students make
9 progress toward grade level while attending a juvenile justice
10 alternative education program. The department shall adopt rules
11 for the distribution of funds appropriated under this section to
12 juvenile boards in counties required to establish juvenile justice
13 alternative education programs. Except as determined by the
14 commissioner, a student served by a juvenile justice alternative
15 education program on the basis of an expulsion required under
16 Section 37.007(a), (d), or (e) is not eligible for Foundation
17 School Program funding under Chapter ~~[42 or]~~ 31 or 48 if the
18 juvenile justice alternative education program receives funding
19 from the department under this subchapter.

20 SECTION 3.047. Section 39.0233(a), Education Code, is
21 amended to read as follows:

22 (a) The agency, in coordination with the Texas Higher
23 Education Coordinating Board, shall adopt a series of questions to
24 be included in an end-of-course assessment instrument administered
25 under Section 39.023(c) to be used for purposes of Subchapter F-1,
26 Chapter 51. The questions adopted under this subsection must be
27 developed in a manner consistent with any college readiness

standards adopted under [~~Section 39.233 and~~] Subchapter F-1, Chapter 51.

SECTION 3.048. Section 39.027(f), Education Code, is amended to read as follows:

(f) In this section, "average daily attendance" is computed in the manner provided by Section 48.005 [~~42.005~~].

SECTION 3.049. Section 39.408, Education Code, is amended to read as follows:

Sec. 39.408. ELIGIBILITY CRITERIA FOR CERTAIN GRANT PROGRAMS. A school district or campus is eligible to participate in programs under Sections 21.4541, 29.095, and 29.096[, ~~29.097, and 29.098~~] if the district or campus exhibited during each of the three preceding school years characteristics that strongly correlate with high dropout rates.

SECTION 3.050. Section 39.413, Education Code, is amended to read as follows:

Sec. 39.413. FUNDING FOR CERTAIN PROGRAMS. (a) From funds appropriated, the Texas Higher Education Coordinating Board shall allocate \$8.75 million each year to establish mathematics, science, and technology teacher preparation academies under Section 61.0766[, ~~provide funding to the commissioner of education to implement and administer the program under Section 29.098,~~] and award grants under Section 61.0762(a)(3).

(b) The Texas Higher Education Coordinating Board shall establish mathematics, science, and technology teacher preparation academies under Section 61.0766[, ~~provide funding to the commissioner of education to implement and administer the program~~]

1 ~~under Section 29.098,~~] and award grants under Section 61.0762(a)(3)
2 in a manner consistent with the goals of this subchapter and the
3 goals in "Closing the Gaps," the state's master plan for higher
4 education.

5 SECTION 3.051. Section 39A.903, Education Code, is amended
6 to read as follows:

7 Sec. 39A.903. COSTS PAID BY SCHOOL DISTRICT. The costs of
8 providing a monitor, conservator, management team, campus
9 intervention team, technical assistance team, managing entity, or
10 service provider under this chapter shall be paid by the school
11 district. If the district fails or refuses to pay the costs in a
12 timely manner, the commissioner may:

13 (1) pay the costs using amounts withheld from any
14 funds to which the district is otherwise entitled; or

15 (2) recover the amount of the costs in the manner
16 provided for recovery of an overallocation of state funds under
17 Section 48.272 [~~42.258~~].

18 SECTION 3.052. Section 43.002(b), Education Code, is
19 amended to read as follows:

20 (b) Of the amounts available for transfer from the general
21 revenue fund to the available school fund for the months of January
22 and February of each fiscal year, no more than the amount necessary
23 to enable the comptroller to distribute from the available school
24 fund an amount equal to 9-1/2 percent of the estimated annual
25 available school fund apportionment to category 1 school districts,
26 as defined by Section 48.273 [~~42.259~~], and 3-1/2 percent of the
27 estimated annual available school fund apportionment to category 2

1 school districts, as defined by Section 48.273 [~~42.259~~], may be
2 transferred from the general revenue fund to the available school
3 fund. Any remaining amount that would otherwise be available for
4 transfer for the months of January and February shall be
5 transferred from the general revenue fund to the available school
6 fund in equal amounts in June and in August of the same fiscal year.

7 SECTION 3.053. Section 44.0011, Education Code, is amended
8 to read as follows:

9 Sec. 44.0011. FISCAL YEAR. The fiscal year of a school
10 district begins on July 1 or September 1 of each year, as determined
11 by the board of trustees of the district. The commissioner may adopt
12 rules concerning the submission of information by a district under
13 Chapter 39, 39A, or 48 [~~42~~] based on the fiscal year of the
14 district.

15 SECTION 3.054. Section 44.051, Education Code, is amended
16 to read as follows:

17 Sec. 44.051. INTERFERENCE WITH OPERATION OF FOUNDATION
18 SCHOOL PROGRAM. An offense under Section 37.10, Penal Code, is a
19 felony of the third degree if it is shown on trial of the offense
20 that the governmental record was a record, form, report, or budget
21 required under Chapter 48 [~~42~~] or rules adopted under that chapter.
22 If the actor's intent is to defraud the state or the public school
23 system, the offense is a felony of the second degree.

24 SECTION 3.055. Section 45.0011(e), Education Code, is
25 amended to read as follows:

26 (e) In this section, average daily attendance is determined
27 in the manner provided by Section 48.005 [~~42.005~~].

1 SECTION 3.056. Sections 45.0031(b) and (c), Education Code,
2 are amended to read as follows:

3 (b) A district may demonstrate the ability to comply with
4 Subsection (a) by using the most recent taxable value of property in
5 the district, combined with state assistance to which the district
6 is entitled under Chapter [~~42-or~~] 46 or 48 that may be lawfully used
7 for the payment of bonds.

8 (c) A district may demonstrate the ability to comply with
9 Subsection (a) by using a projected future taxable value of
10 property in the district anticipated for the earlier of the tax year
11 five years after the current tax year or the tax year in which the
12 final payment is due for the bonds submitted to the attorney
13 general, combined with state assistance to which the district is
14 entitled under Chapter [~~42-or~~] 46 or 48 that may be lawfully used
15 for the payment of bonds. The district must submit to the attorney
16 general a certification of the district's projected taxable value
17 of property that is prepared by a registered professional appraiser
18 certified under Chapter 1151, Occupations Code, who has
19 demonstrated professional experience in projecting taxable values
20 of property or who can by contract obtain any necessary assistance
21 from a person who has that experience. To demonstrate the
22 professional experience required by this subsection, a registered
23 professional appraiser must provide to the district written
24 documentation relating to two previous projects for which the
25 appraiser projected taxable values of property. Until the bonds
26 submitted to the attorney general are approved or disapproved, the
27 district must maintain the documentation and on request provide the

1 documentation to the attorney general or comptroller. The
2 certification of the district's projected taxable value of property
3 must be signed by the district's superintendent. The attorney
4 general must base a determination of whether the district has
5 complied with Subsection (a) on a taxable value of property that is
6 equal to 90 percent of the value certified under this subsection.

7 SECTION 3.057. Section 45.251(2), Education Code, is
8 amended to read as follows:

9 (2) "Foundation School Program" means the program
10 established under Chapters [~~41, 42, and~~] 46, 48, and 49, or any
11 successor program of state appropriated funding for school
12 districts in this state.

13 SECTION 3.058. Section 45.259(d), Education Code, is
14 amended to read as follows:

15 (d) If money appropriated for the Foundation School Program
16 is used for purposes of this subchapter and as a result there is
17 insufficient money to fully fund the Foundation School Program, the
18 commissioner shall, to the extent necessary, reduce each school
19 district's foundation school fund allocations, other than any
20 portion appropriated from the available school fund, in the same
21 manner provided by Section 48.266(f) [~~42.253(h)~~] for a case in
22 which school district entitlements exceed the amount
23 appropriated. The following fiscal year, a district's entitlement
24 under Section 48.266 [~~42.253~~] is increased by an amount equal to the
25 reduction under this subsection.

26 SECTION 3.059. Section 45.261(a), Education Code, is
27 amended to read as follows:

1 (a) If the commissioner orders payment from the money
2 appropriated to the Foundation School Program on behalf of a school
3 district that is not required to reduce its local revenue level
4 ~~[wealth per student]~~ under Section 48.257 ~~[Chapter 41]~~, the
5 commissioner shall direct the comptroller to withhold the amount
6 paid from the first state money payable to the district. If the
7 commissioner orders payment from the money appropriated to the
8 Foundation School Program on behalf of a school district that is
9 required to reduce its local revenue level ~~[wealth per student]~~
10 under Section 48.257 ~~[Chapter 41]~~, the commissioner shall increase
11 amounts due from the district under Chapter 49 ~~[that chapter]~~ in a
12 total amount equal to the amount of payments made on behalf of the
13 district under this subchapter. Amounts withheld or received
14 under this subsection shall be used for the Foundation School
15 Program.

16 SECTION 3.060. Section 45.263(b), Education Code, is
17 amended to read as follows:

18 (b) In adopting rules under Subsection (a), the
19 commissioner shall establish an annual deadline by which a school
20 district must pay the debt service on bonds for which credit
21 enhancement is provided under this subchapter. The deadline
22 established may not be later than the 10th day before the date
23 specified under Section 48.273 ~~[42.259]~~ for payment to school
24 districts of the final Foundation School Program installment for a
25 state fiscal year.

26 SECTION 3.061. Section 46.003(a), Education Code, is
27 amended to read as follows:

(a) For each year, except as provided by Sections 46.005 and 46.006, a school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort, up to the maximum rate under Subsection (b), to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate, or improve an instructional facility. The amount of state support is determined by the formula:

$$\text{FYA} = (\text{FYL} \times \text{ADA} \times \text{BTR} \times 100) - (\text{BTR} \times (\text{DPV}/100))$$

where:

"FYA" is the guaranteed facilities yield amount of state funds allocated to the district for the year;

"FYL" is the dollar amount guaranteed level of state and local funds per student per cent of tax effort, which is \$35 or a greater amount for any year provided by appropriation;

"ADA" is the greater of the number of students in average daily attendance, as determined under Section 48.005 [~~42.005~~], in the district or 400;

"BTR" is the district's bond tax rate for the current year, which is determined by dividing the amount budgeted by the district for payment of eligible bonds by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~], divided by 100; and

"DPV" is the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, Section 48.258 [~~42.2521~~].

SECTION 3.062. Section 46.006(g), Education Code, is

1 amended to read as follows:

2 (g) In this section, "wealth per student" means a school
3 district's taxable value of property as determined under Subchapter
4 M, Chapter 403, Government Code, or, if applicable, Section 48.258
5 [~~42.2521~~], divided by the district's average daily attendance as
6 determined under Section 48.005 [~~42.005~~].

7 SECTION 3.063. Sections 46.009(b), (c), (e), and (f),
8 Education Code, are amended to read as follows:

9 (b) If the amount appropriated for purposes of this
10 subchapter for a year is less than the total amount determined under
11 Subsection (a) for that year, the commissioner shall:

12 (1) transfer from the Foundation School Program to the
13 instructional facilities program the amount by which the total
14 amount determined under Subsection (a) exceeds the amount
15 appropriated; and

16 (2) reduce each district's foundation school fund
17 allocations in the manner provided by Section 48.266(f)
18 [~~42.253(h)~~].

19 (c) Warrants for payments under this subchapter shall be
20 approved and transmitted to school district treasurers or
21 depositories in the same manner as warrants for payments under
22 Chapter 48 [~~42~~].

23 (e) Section 48.272 [~~42.258~~] applies to payments under this
24 subchapter.

25 (f) If a school district would have received a greater
26 amount under this subchapter for the applicable school year using
27 the adjusted value determined under Section 48.271 [~~42.257~~], the

1 commissioner shall add the difference between the adjusted value
2 and the amount the district received under this subchapter to
3 subsequent distributions to the district under this subchapter.

4 SECTION 3.064. Section 46.0111(e), Education Code, is
5 amended to read as follows:

6 (e) The state's share is state property. The school
7 district shall send to the comptroller any portion of the state's
8 share not used by the school district to repair the defective
9 design, construction, renovation, or improvement of the
10 instructional facility on which the action is brought or to replace
11 the facility. Section 48.272 [~~42.258~~] applies to the state's share
12 under this subsection.

13 SECTION 3.065. Section 46.013, Education Code, is amended
14 to read as follows:

15 Sec. 46.013. MULTIPLE ALLOTMENTS PROHIBITED. A school
16 district is not entitled to state assistance under this subchapter
17 based on taxes with respect to which the district receives state
18 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

19 SECTION 3.066. Section 46.032(a), Education Code, is
20 amended to read as follows:

21 (a) Each school district is guaranteed a specified amount
22 per student in state and local funds for each cent of tax effort to
23 pay the principal of and interest on eligible bonds. The amount of
24 state support, subject only to the maximum amount under Section
25 46.034, is determined by the formula:

$$\text{EDA} = (\text{EDGL} \times \text{ADA} \times \text{EDTR} \times 100) - (\text{EDTR} \times (\text{DPV}/100))$$

27 where:

1 "EDA" is the amount of state funds to be allocated to the
2 district for assistance with existing debt;

3 "EDGL" is the dollar amount guaranteed level of state and
4 local funds per student per cent of tax effort, which is the lesser
5 of:

6 (1) \$40 or a greater amount for any year provided by
7 appropriation; or

8 (2) the amount that would result in a total additional
9 amount of state funds under this subchapter for the current year
10 equal to \$60 million in excess of the state funds to which school
11 districts would have been entitled under this section if the
12 guaranteed level amount were \$35;

13 "ADA" is the number of students in average daily attendance,
14 as determined under Section 48.005 [~~42.005~~], in the district;

15 "EDTR" is the existing debt tax rate of the district, which is
16 determined by dividing the amount budgeted by the district for
17 payment of eligible bonds by the quotient of the district's taxable
18 value of property as determined under Subchapter M, Chapter 403,
19 Government Code, or, if applicable, under Section 48.258 [~~42.2521~~],
20 divided by 100; and

21 "DPV" is the district's taxable value of property as
22 determined under Subchapter M, Chapter 403, Government Code, or, if
23 applicable, under Section 48.258 [~~42.2521~~].

24 SECTION 3.067. Section 46.037, Education Code, is amended
25 to read as follows:

26 Sec. 46.037. MULTIPLE ALLOTMENTS PROHIBITED. A school
27 district is not entitled to state assistance under this subchapter

1 based on taxes with respect to which the district receives state
2 assistance under Subchapter E [~~F~~], Chapter 48 [~~42~~].

3 SECTION 3.068. Section 79.10(f), Education Code, is amended
4 to read as follows:

5 (f) For each student enrolled in the academy, the academy is
6 entitled to allotments from the foundation school fund under
7 Chapter 48 [~~42~~] as if the academy were a school district without a
8 tier one local share for purposes of Section 48.266 [~~42.253~~]. If
9 in any academic year the amount of the allotments under this
10 subsection exceeds the amount of state funds paid to the academy in
11 the first fiscal year of the academy's operation, the commissioner
12 of education shall set aside from the total amount of funds to which
13 school districts are entitled under Section 48.266(c) [~~42.253(c)~~]
14 an amount equal to the excess amount and shall distribute that
15 amount to the academy. After deducting the amount set aside and
16 paid to the academy by the commissioner of education under this
17 subsection, the commissioner of education shall reduce the amount
18 to which each district is entitled under Section 48.266(c)
19 [~~42.253(c)~~] in the manner described by Section 48.266(f)
20 [~~42.253(h)~~]. A determination of the commissioner of education
21 under this subsection is final and may not be appealed.

22 SECTION 3.069. Section 87.208, Education Code, is amended
23 to read as follows:

24 Sec. 87.208. SEABORNE CONSERVATION CORPS. If the board of
25 regents of The Texas A&M University System administers a program
26 that is substantially similar to the Seaborne Conservation Corps as
27 it was administered by the board during the 1998-1999 school year,

1 the program is entitled, for each student enrolled, to allotments
2 from the Foundation School Program under Chapter 48 [~~42~~] as if the
3 program were a school district, except that the program has a local
4 share applied that is equivalent to the local fund assignment of the
5 school district in which the principal facilities of the program
6 are located.

7 SECTION 3.070. Section 87.505(g), Education Code, is
8 amended to read as follows:

9 (g) For each student enrolled in the academy, the academy is
10 entitled to allotments from the foundation school fund under
11 Chapter 48 [~~42~~] as if the academy were a school district without a
12 tier one local share for purposes of Section 48.266 [~~42.253~~]. If
13 in any academic year the amount of the allotments under this
14 subsection exceeds the amount of state funds paid to the academy in
15 the first fiscal year of the academy's operation, the commissioner
16 of education shall set aside from the total amount of funds to which
17 school districts are entitled under Section 48.266(c) [~~42.253(c)~~]
18 an amount equal to the excess amount and shall distribute that
19 amount to the academy. After deducting the amount set aside and
20 paid to the academy by the commissioner of education under this
21 subsection, the commissioner of education shall reduce the amount
22 to which each district is entitled under Section 48.266(c)
23 [~~42.253(c)~~] in the manner described by Section 48.266(f)
24 [~~42.253(h)~~]. A determination of the commissioner of education
25 under this subsection is final and may not be appealed.

26 SECTION 3.071. Section 96.707(k), Education Code, is
27 amended to read as follows:

1 (k) For each student enrolled in the academy, the academy is
2 entitled to allotments from the Foundation School Program under
3 Chapter 48 [~~42~~] as if the academy were a school district without a
4 tier one local share for purposes of Section 48.266 [~~42.253~~].

5 SECTION 3.072. Sections 105.301(e) and (f), Education Code,
6 are amended to read as follows:

7 (e) The academy is not subject to the provisions of this
8 code, or to the rules of the Texas Education Agency, regulating
9 public schools, except that:

10 (1) professional employees of the academy are entitled
11 to the limited liability of an employee under Section 22.0511,
12 22.0512, or 22.052;

13 (2) a student's attendance at the academy satisfies
14 compulsory school attendance requirements; and

15 (3) for each student enrolled, the academy is entitled
16 to allotments from the foundation school program under Chapter 48
17 [~~42~~] as if the academy were a school district without a tier one
18 local share for purposes of Section 48.266 [~~42.253~~].

19 (f) If in any academic year the amount of the allotments
20 under Subsection (e)(3) exceeds the amount of state funds paid to
21 the academy under this section in the fiscal year ending August 31,
22 2003, the commissioner shall set aside from the total amount of
23 funds to which school districts are entitled under Section
24 48.266(c) [~~42.253(e)~~] an amount equal to the excess amount and
25 shall distribute that amount to the academy. After deducting the
26 amount set aside and paid to the academy by the commissioner under
27 this subsection, the commissioner shall reduce the amount to which

1 each district is entitled under Section 48.266(c) [~~42.253(c)~~] in
2 the manner described by Section 48.266(f) [~~42.253(h)~~]. A
3 determination of the commissioner under this section is final and
4 may not be appealed.

5 SECTION 3.073. Section 317.005(f), Government Code, is
6 amended to read as follows:

7 (f) The governor or board may adopt an order under this
8 section withholding or transferring any portion of the total amount
9 appropriated to finance the foundation school program for a fiscal
10 year. The governor or board may not adopt such an order if it would
11 result in an allocation of money between particular programs or
12 statutory allotments under the foundation school program contrary
13 to the statutory proration formula provided by Section 48.266(f)
14 [~~42.253(h)~~], Education Code. The governor or board may transfer an
15 amount to the total amount appropriated to finance the foundation
16 school program for a fiscal year and may increase the basic
17 allotment. The governor or board may adjust allocations of amounts
18 between particular programs or statutory allotments under the
19 foundation school program only for the purpose of conforming the
20 allocations to actual pupil enrollments or attendance.

21 SECTION 3.074. Section 403.093(d), Government Code, as
22 amended by Chapters 581 (S.B. 810) and 705 (H.B. 3526), Acts of the
23 85th Legislature, Regular Session, 2017, is reenacted to read as
24 follows:

25 (d) The comptroller shall transfer from the general revenue
26 fund to the foundation school fund an amount of money necessary to
27 fund the foundation school program as provided by Chapter 48 [~~42~~],

1 Education Code. The comptroller shall make the transfers in
2 installments as necessary to comply with Section 48.273 [~~42.259~~],
3 Education Code, and permit the Texas Education Agency, to the
4 extent authorized by the General Appropriations Act, to make
5 temporary transfers from the foundation school fund for payment of
6 the instructional materials and technology allotment under Section
7 31.0211, Education Code. Unless an earlier date is necessary for
8 purposes of temporary transfers for payment of the instructional
9 materials and technology allotment, an installment must be made not
10 earlier than two days before the date an installment to school
11 districts is required by Section 48.273 [~~42.259~~], Education Code,
12 and must not exceed the amount necessary for that payment and any
13 temporary transfers for payment of the instructional materials and
14 technology allotment.

15 SECTION 3.075. Section 403.302(a), Government Code, is
16 amended to read as follows:

17 (a) The comptroller shall conduct a study using comparable
18 sales and generally accepted auditing and sampling techniques to
19 determine the total taxable value of all property in each school
20 district. The study shall determine the taxable value of all
21 property and of each category of property in the district and the
22 productivity value of all land that qualifies for appraisal on the
23 basis of its productive capacity and for which the owner has applied
24 for and received a productivity appraisal. The comptroller shall
25 make appropriate adjustments in the study to account for actions
26 taken under Chapter 49 [~~41~~], Education Code.

27 SECTION 3.076. Section 403.303(b), Government Code, is

1 amended to read as follows:

2 (b) After receipt of a petition, the comptroller shall hold
3 a hearing. The comptroller has the burden to prove the accuracy of
4 the findings. Until a final decision is made by the comptroller,
5 the taxable value of property in the district is determined, with
6 respect to property subject to the protest, according to the value
7 claimed by the school district or property owner, except that the
8 value to be used while a final decision is pending may not be less
9 than the appraisal roll value for the year of the study. If after a
10 hearing the comptroller concludes that the findings should be
11 changed, the comptroller shall order the appropriate changes and
12 shall certify to the commissioner of education the changes in the
13 values of the school district that brought the protest, the values
14 of the school district named by the property owner who brought the
15 protest, or, if the comptroller by rule allows an appraisal
16 district to bring a protest, the values of the school district named
17 by the appraisal district that brought the protest. The
18 comptroller may not order a change in the values of a school
19 district as a result of a protest brought by another school
20 district, a property owner in the other school district, or an
21 appraisal district that appraises property for the other school
22 district. The comptroller shall complete all protest hearings and
23 certify all changes as necessary to comply with Chapter 48 [42],
24 Education Code. A hearing conducted under this subsection is not a
25 contested case for purposes of Section 2001.003.

26 SECTION 3.077. Section 404.121(1), Government Code, is
27 amended to read as follows:

1 (1) "Cash flow deficit" for any period means the
2 excess, if any, of expenditures paid and transfers made from the
3 general revenue fund in the period, including payments provided by
4 Section 48.273 [~~42.259~~], Education Code, over taxes and other
5 revenues deposited to the fund in the period, other than revenues
6 deposited pursuant to Section 403.092, that are legally available
7 for the expenditures and transfers.

8 SECTION 3.078. Section 437.117(a), Government Code, is
9 amended to read as follows:

10 (a) For each student enrolled in the Texas ChalleNGe
11 Academy, the department is entitled to allotments from the
12 Foundation School Program under Chapter 48 [~~42~~], Education Code, as
13 if the academy were a school district without a tier one local share
14 for purposes of Section 48.266 [~~42.253~~], Education Code.

15 SECTION 3.079. Section 466.355(c), Government Code, as
16 repealed by Chapter 431 (S.B. 559), Acts of the 83rd Legislature,
17 Regular Session, 2013, and amended by Chapter 1410 (S.B. 758), Acts
18 of the 83rd Legislature, Regular Session, 2013, is reenacted and
19 amended to read as follows:

20 (c) Each August the comptroller shall:

21 (1) estimate the amount to be transferred to the
22 foundation school fund on or before September 15; and

23 (2) notwithstanding Subsection (b)(4), transfer the
24 amount estimated in Subdivision (1) to the foundation school fund
25 before August installment payments are made under Section 48.273
26 [~~42.259~~], Education Code.

27 SECTION 3.080. Section 1371.001(4), Government Code, is

1 amended to read as follows:

2 (4) "Issuer" means:

3 (A) a home-rule municipality that:

4 (i) adopted its charter under Section 5,
5 Article XI, Texas Constitution;

6 (ii) has a population of 50,000 or more; and

7 (iii) has outstanding long-term
8 indebtedness that is rated by a nationally recognized rating agency
9 for municipal securities in one of the four highest rating
10 categories for a long-term obligation;

11 (B) a conservation and reclamation district
12 created and organized as a river authority under Section 52,
13 Article III, or Section 59, Article XVI, Texas Constitution;

14 (C) a joint powers agency organized and operating
15 under Chapter 163, Utilities Code;

16 (D) a metropolitan rapid transit authority,
17 regional transportation authority, or coordinated county
18 transportation authority created, organized, or operating under
19 Chapter 451, 452, or 460, Transportation Code;

20 (E) a conservation and reclamation district
21 organized or operating as a navigation district under Section 52,
22 Article III, or Section 59, Article XVI, Texas Constitution;

23 (F) a district organized or operating under
24 Section 59, Article XVI, Texas Constitution, that has all or part of
25 two or more municipalities within its boundaries;

26 (G) a state agency, including a state institution
27 of higher education;

1 (H) a hospital authority created or operating
2 under Chapter 262 or 264, Health and Safety Code, in a county that:

3 (i) has a population of more than 3.3
4 million; or

5 (ii) is included, in whole or in part, in a
6 standard metropolitan statistical area of this state that includes
7 a county with a population of more than 2.2 million;

8 (I) a hospital district in a county that has a
9 population of more than two million;

10 (J) a nonprofit corporation organized to
11 exercise the powers of a higher education loan authority under
12 Section 53B.47(e), Education Code;

13 (K) a county:

14 (i) that has a population of 3.3 million or
15 more; or

16 (ii) that, on the date of issuance of
17 obligations under this chapter, has authorized, outstanding, or any
18 combination of authorized and outstanding, indebtedness of at least
19 \$100 million secured by and payable from the county's ad valorem
20 taxes and the authorized long-term indebtedness of which is rated
21 by a nationally recognized rating agency of securities issued by
22 local governments in one of the four highest rating categories for a
23 long-term obligation;

24 (L) an independent school district that has an
25 average daily attendance of 50,000 or more as determined under
26 Section 48.005 [~~42.005~~], Education Code;

27 (M) a municipality or county operating under

1 Chapter 334, Local Government Code;

2 (N) a district created under Chapter 335, Local
3 Government Code;

4 (O) a junior college district that has a total
5 headcount enrollment of 40,000 or more based on enrollment in the
6 most recent regular semester; or

7 (P) an issuer, as defined by Section 1201.002,
8 that has:

9 (i) a principal amount of at least \$100
10 million in outstanding long-term indebtedness, in long-term
11 indebtedness proposed to be issued, or in a combination of
12 outstanding or proposed long-term indebtedness; and

13 (ii) some amount of long-term indebtedness
14 outstanding or proposed to be issued that is rated in one of the
15 four highest rating categories for long-term debt instruments by a
16 nationally recognized rating agency for municipal securities,
17 without regard to the effect of any credit agreement or other form
18 of credit enhancement entered into in connection with the
19 obligation.

20 SECTION 3.081. Section 1431.001(3), Government Code, is
21 amended to read as follows:

22 (3) "Eligible school district" means an independent
23 school district that has an average daily attendance of 190,000 or
24 more as determined under Section 48.005 [~~42.005~~], Education Code.

25 SECTION 3.082. Section 2175.304(c), Government Code, is
26 amended to read as follows:

27 (c) The procedures established under Subsection (b) must

1 give preference to transferring the property directly to a public
2 school or school district or to an assistance organization
3 designated by the school district before disposing of the property
4 in another manner. If more than one public school or school
5 district or assistance organization seeks to acquire the same
6 property on substantially the same terms, the system, institution,
7 or agency shall give preference to a public school that is
8 considered low-performing by the commissioner of education or to a
9 school district that has a taxable wealth per student that entitles
10 the district to an allotment of state funds under Subchapter E [~~F~~],
11 Chapter 48 [~~42~~], Education Code, or to the assistance organization
12 designated by such a school district.

13 SECTION 3.083. Section 221.0071(d), Human Resources Code,
14 is amended to read as follows:

15 (d) A charter school operating under a charter granted under
16 this section is entitled to receive open-enrollment charter school
17 funding under Chapter 48 [~~42~~], Education Code, in the same manner as
18 an open-enrollment charter school operating under Subchapter D,
19 Chapter 12, Education Code.

20 SECTION 3.084. Section 1579.251(a), Insurance Code, is
21 amended to read as follows:

22 (a) The state shall assist employees of participating
23 school districts and charter schools in the purchase of group
24 health coverage under this chapter by providing for each covered
25 employee the amount of \$900 each state fiscal year or a greater
26 amount as provided by the General Appropriations Act. The state
27 contribution shall be distributed through the school finance

1 formulas under Chapters 48 [~~41~~] and 49 [~~42~~], Education Code, and
2 used by school districts and charter schools as provided by
3 Section 48.275 [~~42.260~~], Education Code.

4 SECTION 3.085. Section 1581.053, Insurance Code, is amended
5 to read as follows:

6 Sec. 1581.053. USE OF STATE FUNDS. (a) To comply with
7 Section 1581.052, a school district or participating charter school
8 may use state funds received under Chapter 48 [~~42~~], Education Code,
9 other than funds that may be used under that chapter only for a
10 specific purpose.

11 (b) Notwithstanding Subsection (a), amounts a district or
12 school is required to use to pay contributions under a group health
13 coverage plan for district or school employees under Section
14 48.275 [~~42.260~~], Education Code, other than amounts described by
15 Section 48.275(c)(2) [~~42.260(c)(2)(B)~~], are not used in computing
16 whether the district or school complies with Section 1581.052.

17 SECTION 3.086. Section 37.10(c)(2), Penal Code, is amended
18 to read as follows:

19 (2) An offense under this section is a felony of the
20 third degree if it is shown on the trial of the offense that the
21 governmental record was:

22 (A) a public school record, report, or assessment
23 instrument required under Chapter 39, Education Code, data reported
24 for a school district or open-enrollment charter school to the
25 Texas Education Agency through the Public Education Information
26 Management System (PEIMS) described by Sections 48.008 and 48.009
27 [~~Section 42.006~~], Education Code, under a law or rule requiring

1 that reporting, or a license, certificate, permit, seal, title,
2 letter of patent, or similar document issued by government, by
3 another state, or by the United States, unless the actor's intent is
4 to defraud or harm another, in which event the offense is a felony
5 of the second degree;

6 (B) a written report of a medical, chemical,
7 toxicological, ballistic, or other expert examination or test
8 performed on physical evidence for the purpose of determining the
9 connection or relevance of the evidence to a criminal action;

10 (C) a written report of the certification,
11 inspection, or maintenance record of an instrument, apparatus,
12 implement, machine, or other similar device used in the course of an
13 examination or test performed on physical evidence for the purpose
14 of determining the connection or relevance of the evidence to a
15 criminal action; or

16 (D) a search warrant issued by a magistrate.

17 SECTION 3.087. Section 39.03(d), Penal Code, is amended to
18 read as follows:

19 (d) An offense under this section is a Class A misdemeanor,
20 except that an offense is a felony of the third degree if the public
21 servant acted with the intent to impair the accuracy of data
22 reported to the Texas Education Agency through the Public Education
23 Information Management System (PEIMS) described by Sections 48.008
24 and 48.009 [~~Section 42.006~~], Education Code, under a law requiring
25 that reporting.

26 SECTION 3.088. Section 21.01, Tax Code, is amended to read
27 as follows:

1 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
2 taxing unit if located in the unit on January 1, except as provided
3 by Chapter 49 [~~41~~], Education Code.

4 SECTION 3.089. Sections 21.02(b) and (c), Tax Code, are
5 amended to read as follows:

6 (b) Tangible personal property having taxable situs at the
7 same location as real property detached from a school district and
8 annexed by another school district under Chapter 49 [~~41~~], Education
9 Code, is taxable in the tax year in which the detachment and
10 annexation occurs by the same school district by which the real
11 property is taxable in that tax year under Chapter 49 [~~41~~],
12 Education Code. For purposes of this subsection and Chapter 49
13 [~~41~~], Education Code, tangible personal property has taxable situs
14 at the same location as real property detached and annexed under
15 Chapter 49 [~~41~~], Education Code, if the detachment and annexation
16 of the real property, had it occurred before January 1 of the tax
17 year, would have changed the taxable situs of the tangible personal
18 property determined as provided by Subsection (a) from the school
19 district from which the real property was detached to the school
20 district to which the real property was annexed.

21 (c) Tangible personal property has taxable situs in a school
22 district that is the result of a consolidation under Chapter 49
23 [~~41~~], Education Code, in the year in which the consolidation occurs
24 if the property would have had taxable situs in the consolidated
25 district in that year had the consolidation occurred before January
26 1 of that year.

27 SECTION 3.090. Section 25.25(k), Tax Code, is amended to

1 read as follows:

2 (k) The chief appraiser shall change the appraisal records
3 and school district appraisal rolls promptly to reflect the
4 detachment and annexation of property among school districts under
5 Subchapter C or G, Chapter 49 [~~41~~], Education Code.

6 SECTION 3.091. Section 311.013(n), Tax Code, is amended to
7 read as follows:

8 (n) This subsection applies only to a school district whose
9 taxable value computed under Section 403.302(d), Government Code,
10 is reduced in accordance with Subdivision (4) of that
11 subsection. In addition to the amount otherwise required to be
12 paid into the tax increment fund, the district shall pay into the
13 fund an amount equal to the amount by which the amount of taxes the
14 district would have been required to pay into the fund in the
15 current year if the district levied taxes at the rate the district
16 levied in 2005 exceeds the amount the district is otherwise
17 required to pay into the fund in the year of the reduction. This
18 additional amount may not exceed the amount the school district
19 receives in state aid for the current tax year under Section 48.253
20 [~~42.2514~~], Education Code. The school district shall pay the
21 additional amount after the district receives the state aid to
22 which the district is entitled for the current tax year under
23 Section 48.253 [~~42.2514~~], Education Code.

24 SECTION 3.092. Section 312.002(g), Tax Code, is amended to
25 read as follows:

26 (g) "Taxing unit" has the meaning assigned by Section 1.04,
27 except that for a tax abatement agreement executed on or after

1 September 1, 2001, the term does not include a school district that
2 is subject to Chapter 48 [42], Education Code, and that is organized
3 primarily to provide general elementary and secondary public
4 education.

5 SECTION 3.093. Section 312.210(b), Tax Code, is amended to
6 read as follows:

7 (b) A tax abatement agreement with the owner of real
8 property or tangible personal property that is located in the
9 reinvestment zone described by Subsection (a) and in a school
10 district that has a local revenue level [~~wealth per student~~] that
11 does not exceed the [~~equalized wealth~~] level established under
12 Section 48.257 must exempt from taxation:

13 (1) the portion of the value of the property in the
14 amount specified in the joint agreement among the municipality,
15 county, and junior college district; and

16 (2) an amount equal to 10 percent of the maximum
17 portion of the value of the property that may under Section
18 312.204(a) be otherwise exempted from taxation.

19 SECTION 3.094. Section 313.027(i), Tax Code, is amended to
20 read as follows:

21 (i) A person and the school district may not enter into an
22 agreement under which the person agrees to provide supplemental
23 payments to a school district or any other entity on behalf of a
24 school district in an amount that exceeds an amount equal to the
25 greater of \$100 per student per year in average daily attendance, as
26 defined by Section 48.005 [~~42.005~~], Education Code, or \$50,000 per
27 year, or for a period that exceeds the period beginning with the

1 period described by Section 313.021(4) and ending December 31 of
2 the third tax year after the date the person's eligibility for a
3 limitation under this chapter expires. This limit does not apply
4 to amounts described by Subsection (f)(1) or (2).

5 ARTICLE 4. PROPERTY TAX RELIEF

6 SECTION 4.001. Effective September 1, 2021, Section
7 13.054(f), Education Code, is amended to read as follows:

8 (f) For five years beginning with the school year in which
9 the annexation occurs, a school district shall receive additional
10 funding under this subsection or Subsection (h). The amount of
11 funding shall be determined by multiplying the lesser of the
12 enlarged district's local fund assignment computed under Section
13 42.252 or the enlarged district's total cost of tier one by a
14 fraction, the numerator of which is the number of students residing
15 in the territory annexed to the receiving district preceding the
16 date of the annexation and the denominator of which is the number of
17 students residing in the district as enlarged on the date of the
18 annexation, and multiplying the resulting product by the quotient
19 of the enlarged district's maximum compressed tax rate, as
20 determined under Section 48.2551, for the current school year
21 divided by the receiving district's maximum compressed tax rate, as
22 determined under Section 48.2551, for the year in which the
23 annexation occurred.

24 SECTION 4.002. Effective September 1, 2021, Section 30.003,
25 Education Code, is amended by amending Subsection (f-1) and adding
26 Subsection (f-2) to read as follows:

27 (f-1) The commissioner shall determine the total amount

1 that the Texas School for the Blind and Visually Impaired and the
2 Texas School for the Deaf would have received from school districts
3 in accordance with this section if the following provisions had not
4 reduced the districts' share of the cost of providing education
5 services:

6 (1) H.B. No. 1, Acts of the 79th Legislature, 3rd
7 Called Session, 2006;

8 (2) Section 45.0032;

9 (3) Section 48.255; and

10 (4) Section 48.2551.

11 (f-2) The amount determined under Subsection (f-1), [had
12 not reduced the districts' share of the cost of providing education
13 services. That amount,] minus any amount the schools do receive
14 from school districts, shall be set aside as a separate account in
15 the foundation school fund and appropriated to those schools for
16 educational purposes.

17 SECTION 4.003. Effective September 1, 2020, Section 45.003,
18 Education Code, is amended by adding Subsections (d-1), (d-2),
19 (d-3), and (d-4) to read as follows:

20 (d-1) Except as provided by Subsection (d-2) and Section
21 26.08(a-1), Tax Code, a school district may not adopt a maintenance
22 and operations tax rate for the 2020 tax year that exceeds the tax
23 rate that results after adjusting the district's 2019 tax rate in
24 accordance with Sections 45.0032, 48.202, and 48.255.

25 (d-2) Subsection (d-1) does not apply to a school district
26 if the amount of the district's entitlement per student in average
27 daily attendance under Chapter 48 for the 2020-2021 school year

1 does not exceed the district's entitlement under former Chapters 41
2 and 42 for the 2018-2019 school year by more than \$20.

3 (d-3) The commissioner's rulemaking authority under Section
4 48.004 applies to Subsections (d-1) and (d-2), and the commissioner
5 may take any action relating to Subsections (d-1) and (d-2)
6 necessary to implement and administer the Foundation School
7 Program.

8 (d-4) Subsections (d-1), (d-2), (d-3), and this subsection
9 expire September 1, 2021.

10 SECTION 4.004. Effective September 1, 2021, Sections
11 45.003(d) and (f), Education Code, are amended to read as follows:

12 (d) A proposition submitted to authorize the levy of
13 maintenance taxes must include the question of whether the
14 governing board or commissioners court may levy, assess, and
15 collect annual ad valorem taxes for the further maintenance of
16 public schools, at a rate not to exceed the rate stated in the
17 proposition. For any year, the maintenance tax rate per \$100 of
18 taxable value adopted by the district may not exceed the rate equal
19 to the sum of \$0.17 and the district's maximum compressed rate
20 ~~[product of the state compression percentage]~~, as determined under
21 Section 48.2551 ~~[42.2516, multiplied by \$1.50]~~.

22 (f) Notwithstanding any other law, a district that levied a
23 maintenance tax for the 2005 tax year at a rate greater than \$1.50
24 per \$100 of taxable value in the district as permitted by special
25 law may not levy a maintenance tax at a rate that exceeds the rate
26 per \$100 of taxable value that is equal to the sum of:

27 (1) \$0.17; and

1 (2) the product of 66.67 percent [~~the state~~
2 ~~compression percentage, as determined under Section 42.2516,~~]
3 multiplied by the rate of the maintenance tax levied by the district
4 for the 2005 tax year, minus the amount by which \$1.00 exceeds the
5 state compression percentage, as determined under Section 48.255.

6 SECTION 4.005. (a) Effective September 1, 2021, Section
7 45.0032, Education Code, as added by this Act, is amended by adding
8 Subsection (a) to read as follows:

9 (a) A school district's tier one maintenance and operations
10 tax rate is the number of cents levied by the district for
11 maintenance and operations that does not exceed the maximum
12 compressed rate, as determined under Section 48.2551.

13 (b) Section 45.0032(a), Education Code, as added by Article
14 1 of this Act, expires on the effective date of this section.

15 SECTION 4.006. Section 46.071, Education Code, is amended
16 by amending Subsections (a), (b), and (c) and adding Subsections
17 (a-1), (b-1), and (c-1) to read as follows:

18 (a) Beginning with the 2015-2016 school year and continuing
19 through the 2018-2019 school year, a school district is entitled to
20 additional state aid under this subchapter to the extent that state
21 and local revenue used to service debt eligible under this chapter
22 is less than the state and local revenue that would have been
23 available to the district under this chapter as it existed on
24 September 1, 2015, if the increase in the residence homestead
25 exemption under Section 1-b(c), Article VIII, Texas Constitution,
26 and the additional limitation on tax increases under Section 1-b(d)
27 of that article as proposed by S.J.R. 1, 84th Legislature, Regular

1 Session, 2015, had not occurred.

2 (a-1) Beginning with the 2019-2020 school year, a school
3 district is entitled to additional state aid under this subchapter
4 to the extent that state and local revenue used to service debt
5 eligible under this chapter is less than the state and local revenue
6 that would have been available to the district under this chapter as
7 it existed on September 1, 2018, if the increase in the residence
8 homestead exemption under Section 1-b(c), Article VIII, Texas
9 Constitution, and the additional limitation on tax increases under
10 Section 1-b(d) of that article as proposed by the 86th Legislature,
11 Regular Session, 2019, had not occurred.

12 (b) Subject to Subsections (c), (d), and (e) [~~(e)-(e)~~],
13 additional state aid under this section through the 2018-2019
14 school year is equal to the amount by which the loss of local
15 interest and sinking revenue for debt service attributable to the
16 increase in the residence homestead exemption under Section 1-b(c),
17 Article VIII, Texas Constitution, and the additional limitation on
18 tax increases under Section 1-b(d) of that article as proposed by
19 S.J.R. 1, 84th Legislature, Regular Session, 2015, is not offset by
20 a gain in state aid under this chapter.

21 (b-1) Subject to Subsections (c-1), (d), and (e),
22 additional state aid under this section beginning with the
23 2019-2020 school year is equal to the amount by which the loss of
24 local interest and sinking revenue for debt service attributable to
25 the increase in the residence homestead exemption under Section
26 1-b(c), Article VIII, Texas Constitution, and the additional
27 limitation on tax increases under Section 1-b(d) of that article as

1 proposed by the 86th Legislature, Regular Session, 2019, is not
2 offset by a gain in state aid under this chapter.

3 (c) For the purpose of determining state aid under
4 Subsections (a) and (b) [~~this section~~], local interest and sinking
5 revenue for debt service is limited to revenue required to service
6 debt eligible under this chapter as of September 1, 2015, including
7 refunding of that debt, subject to Section 46.061. The limitation
8 imposed by Section 46.034(a) does not apply for the purpose of
9 determining state aid under this section.

10 (c-1) For the purpose of determining state aid under
11 Subsections (a-1) and (b-1), local interest and sinking revenue for
12 debt service is limited to revenue required to service debt
13 eligible under this chapter as of September 1, 2018, including
14 refunding of that debt, subject to Section 46.061. The limitation
15 imposed by Section 46.034(a) does not apply for the purpose of
16 determining state aid under this section.

17 SECTION 4.007. Effective September 1, 2021, Section
18 48.051(a), Education Code, as transferred, redesignated, and
19 amended by this Act, is amended to read as follows:

20 (a) For each student in average daily attendance, not
21 including the time students spend each day in special education
22 programs in an instructional arrangement other than mainstream or
23 career and technology education programs, for which an additional
24 allotment is made under Subchapter C, a district is entitled to an
25 allotment equal to the lesser of \$5,880 [~~\$4,765~~] or the amount that
26 results from the following formula:

$$27 \quad A = \underline{\$5,880} \text{ } [\text{\$4,765}] \times \underline{\text{TR/MCR}} \text{ } [(\text{DCR/MCR})]$$

1 where:

2 "A" is the allotment to which a district is entitled;

3 "TR" ["DCR"] is the district's tier one maintenance and
4 operations [compressed] tax rate, as provided by Section 45.0032
5 ~~[which is the product of the state compression percentage, as~~
6 ~~determined under Section 42.2516, multiplied by the maintenance and~~
7 ~~operations tax rate adopted by the district for the 2005 tax year];~~
8 and

9 "MCR" is the district's [state] maximum compressed tax rate,
10 as determined under Section 48.2551 ~~[which is the product of the~~
11 ~~state compression percentage, as determined under Section 42.2516,~~
12 ~~multiplied by \$1.50].~~

13 SECTION 4.008. Effective September 1, 2021, Section
14 48.202(a-1), Education Code, as transferred, redesignated, and
15 amended by this Act, is amended to read as follows:

16 (a-1) For purposes of Subsection (a), the dollar amount
17 guaranteed level of state and local funds per weighted student per
18 cent of tax effort ("GL") for a school district is:

19 (1) ~~[the greater of the amount of district tax revenue~~
20 ~~per weighted student per cent of tax effort that would be available~~
21 ~~to the Austin Independent School District, as determined by the~~
22 ~~commissioner in cooperation with the Legislative Budget Board, if~~
23 ~~the reduction of the limitation on tax increases as provided by~~
24 ~~Section 11.26(a-1), (a-2), or (a-3), Tax Code, did not apply, or]~~
25 the amount that results from multiplying 5,880, or the greater
26 amount provided under Section 48.051(b), if applicable, by 0.016
27 ~~[of district tax revenue per weighted student per cent of tax effort~~

1 ~~used for purposes of this subdivision in the preceding school~~
2 ~~year]~~, for the first six cents by which the district's maintenance
3 and operations tax rate exceeds the district's maximum compressed
4 ~~rate [equal to the sum of the product of the state compression~~
5 ~~percentage]~~, as determined under Section 48.2551 ~~[42.2516,~~
6 ~~multiplied by the maintenance and operations tax rate adopted by~~
7 ~~the district for the 2005 tax year and any additional tax effort~~
8 ~~included in calculating the district's compressed tax rate under~~
9 ~~Section 42.101(a-1)]~~; and

10 (2) subject to Subsection (f), the amount that results
11 from multiplying \$5,880, or the greater amount provided under
12 Section 48.051(b), if applicable, by 0.008 ~~[\$31.95]~~, for the
13 district's maintenance and operations tax effort that exceeds the
14 amount of tax effort described by Subdivision (1).

15 SECTION 4.009. Effective September 1, 2020, Section
16 42.2516, Education Code, is transferred to Subchapter F, Chapter
17 48, Education Code, as added by this Act, redesignated as Section
18 48.255, Education Code, and amended to read as follows:

19 Sec. 48.255 ~~[42.2516]~~. STATE COMPRESSION PERCENTAGE. (a)
20 In this title, "state compression percentage" means the percentage
21 of the rate of \$1.00 per \$100 valuation of taxable property at which
22 a school district must levy a ~~[district's adopted]~~ maintenance and
23 operations tax to receive the full amount of the tier one allotment
24 to which the district is entitled under this chapter.

25 (b) The ~~[tax rate for the 2005 tax year that serves as the~~
26 ~~basis for state funding. If the]~~ state compression percentage is:

27 (1) 85 percent; or

1 (2) a lower percentage set ~~[not established]~~ by
2 appropriation for a school year ~~[, the commissioner shall determine~~
3 ~~the state compression percentage for each school year based on the~~
4 ~~percentage by which a district is able to reduce the district's~~
5 ~~maintenance and operations tax rate for that year, as compared to~~
6 ~~the district's adopted maintenance and operations tax rate for the~~
7 ~~2005 tax year, as a result of state funds appropriated for that year~~
8 ~~from the property tax relief fund established under Section~~
9 ~~403.109, Government Code, or from another funding source available~~
10 ~~for school district property tax relief.~~

11 ~~[(g) The commissioner may adopt rules necessary to~~
12 ~~implement this section.~~

13 ~~[(h) A determination by the commissioner under this section~~
14 ~~is final and may not be appealed].~~

15 SECTION 4.010. Effective September 1, 2021, Section
16 42.2516, Education Code, is transferred to Subchapter F, Chapter
17 48, Education Code, as added by this Act, redesignated as Section
18 48.255, Education Code, and amended to read as follows:

19 Sec. 48.255 ~~[42.2516]~~. STATE COMPRESSION PERCENTAGE. (a)
20 In this title, "state compression percentage" means the percentage
21 of the rate of \$1.00 per \$100 valuation of taxable property that is
22 used to determine a school district's maximum compressed ~~[adopted~~
23 ~~maintenance and operations]~~ tax rate under Section 48.2551.

24 (b) The ~~[for the 2005 tax year that serves as the basis for~~
25 ~~state funding. If the]~~ state compression percentage is:

26 (1) 85 percent; or

27 (2) a lower percentage set ~~[not established]~~ by

1 appropriation for a school year [~~, the commissioner shall determine~~
2 ~~the state compression percentage for each school year based on the~~
3 ~~percentage by which a district is able to reduce the district's~~
4 ~~maintenance and operations tax rate for that year, as compared to~~
5 ~~the district's adopted maintenance and operations tax rate for the~~
6 ~~2005 tax year, as a result of state funds appropriated for that year~~
7 ~~from the property tax relief fund established under Section~~
8 ~~403.109, Government Code, or from another funding source available~~
9 ~~for school district property tax relief.~~

10 [~~(g) The commissioner may adopt rules necessary to~~
11 ~~implement this section.~~

12 [~~(h) A determination by the commissioner under this section~~
13 ~~is final and may not be appealed].~~

14 SECTION 4.011. Effective September 1, 2021, Subchapter F,
15 Chapter 48, Education Code, is amended by adding Sections 48.2551
16 and 48.2552 to read as follows:

17 Sec. 48.2551. MAXIMUM COMPRESSED TAX RATE. (a) In this
18 section:

19 (1) "DPV" has the meaning assigned by Section 48.256;
20 (2) "E" is the expiration of the exclusion of
21 appraised property value for the preceding tax year that is
22 recognized as taxable property value for the current tax year,
23 which is the sum of the following:

24 (A) property value that is no longer subject to a
25 limitation on appraised value under Chapter 313, Tax Code; and

26 (B) property value under Section 311.013(n), Tax
27 Code, that is no longer excluded from the calculation of "DPV" from

the preceding year because of refinancing or renewal after September 1, 2019;

(3) "GLF" is the growth limit factor, which is assigned a value as follows:

(A) 1.025, if "GLP" is assigned the value under Subdivision (4)(A);

(B) 1.035, if "GLP" is assigned the value under Subdivision (4)(B);

(C) 1.045, if "GLP" is assigned the value under Subdivision (4)(C); and

(D) 1.1, if "GLP" is assigned the value under Subdivision (4)(D);

(4) "GLP" is the growth limit percentage, which is assigned a value by the commissioner as follows based on the annual inflation rate for the current tax year, as determined by the comptroller under Subsection (d) using the most recently published data:

(A) 2.5 percent, if the annual inflation rate is less than four percent;

(B) 3.5 percent, if the annual inflation rate is equal to or greater than four percent but less than six percent;

(C) 4.5 percent, if the annual inflation rate is equal to or greater than six percent but less than eight percent; or

(D) 10 percent, if the annual inflation rate is equal to or greater than eight percent;

(5) "MCR" is the district's maximum compressed rate, which is the tax rate for the current tax year per \$100 of valuation

of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment to which the district is entitled under this chapter;

(6) "PYDPV" is the district's value of "DPV" for the preceding tax year;

(7) "PYMCR" is the district's value of "MCR" for the preceding tax year; and

(8) "SCP" is the state compression percentage, as determined under Section 48.255, for the current tax year.

(b) Except as provided by Subsection (c), a district's maximum compressed rate ("MCR") is the lesser of:

(1) the rate determined by the following applicable formula:

(A) if "DPV" exceeds "PYDPV" by an amount equal to or greater than "GLP":

$$\text{MCR} = (\text{GLF}((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}; \text{ or}$$

(B) if "DPV" equals "PYDPV" or exceeds "PYDPV" by an amount less than "GLP":

$$\text{MCR} = \text{PYMCR}; \text{ or}$$

(2) the rate of "SCP".

(c) Notwithstanding Subsection (b), for a district to which Section 48.2552(b) applies, the district's maximum compressed rate is the value calculated for "MCR" under Subsection (b)(1)(B).

(c-1) For purposes of determining a district's maximum compressed rate ("MCR") under Subsection (b) for the 2021-2022 school year, the value of "PYMCR" is \$1.00. This subsection expires September 1, 2022.

1 (d) The comptroller shall determine the annual inflation
2 rate based on the Consumer Price Index for All Urban Consumers
3 published by the Bureau of Labor Statistics of the United States
4 Department of Labor.

5 (e) The agency shall calculate and make available school
6 districts' maximum compressed rates, as determined under this
7 section.

8 Sec. 48.2552. LIMITATION ON MAXIMUM COMPRESSED RATE. (a)
9 Each year, the agency shall evaluate the difference between school
10 districts' maximum compressed rates, as determined under Section
11 48.2551.

12 (b) If a school district has a maximum compressed rate that
13 is less than 85 percent of another school district's maximum
14 compressed rate, the district's maximum compressed rate is
15 calculated under Section 48.2551(c) until the agency determines
16 that the difference between the district's and another district's
17 maximum compressed rates is not more than 15 percent.

18 SECTION 4.012. Effective September 1, 2021, Section 48.257,
19 Education Code, as added by this Act, is amended by adding
20 Subsection (g) to read as follows:

21 (g) For a district to which Section 45.003(f) applies,
22 revenue generated from any cents of maintenance and operations tax
23 effort that exceeds the maximum rate permitted under Section
24 45.003(d) is subject to the revenue limit established under
25 Subsection (f).

26 SECTION 4.013. Section 49.004, Education Code, as
27 transferred, redesignated, and amended by this Act, is amended by

1 adding Subsections (a-1), (b-1), and (c-1) to read as follows:

2 (a-1) This subsection applies only if the constitutional
3 amendment proposed by the 86th Legislature, Regular Session, 2019,
4 to increase the amount of the exemption of residence homesteads
5 from ad valorem taxation by a school district is approved by the
6 voters in an election held for that purpose. As soon as practicable
7 after receiving revised property values that reflect adoption of
8 the constitutional amendment, the commissioner shall review the
9 local revenue level of districts in the state and revise as
10 necessary the notifications provided under Subsection (a) for the
11 2019-2020 school year. This subsection expires September 1, 2020.

12 (b-1) This subsection applies only to a district that has
13 not previously held an election under this chapter. Notwithstanding
14 Subsection (b), a district that enters into an agreement to
15 exercise an option to reduce the district's local revenue level in
16 excess of entitlement under Section 49.002(3), (4), or (5) for the
17 2019-2020 school year may request and, as provided by Section
18 49.0041(a), receive approval from the commissioner to delay the
19 date of the election otherwise required to be ordered before
20 September 1. This subsection expires September 1, 2020.

21 (c-1) Notwithstanding Subsection (c), a district that
22 receives approval from the commissioner to delay an election as
23 provided by Subsection (b-1) may adopt a tax rate for the 2019 tax
24 year before the commissioner certifies that the district has
25 reduced its local revenue level to the level established by Section
26 48.257. This subsection expires September 1, 2020.

27 SECTION 4.014. Subchapter A, Chapter 49, Education Code, as

1 added by this Act, is amended by adding Section 49.0041 to read as
2 follows:

3 Sec. 49.0041. TRANSITIONAL PROVISIONS: INCREASED
4 HOMESTEAD EXEMPTION AND LIMITATION ON TAX INCREASES. (a) The
5 commissioner shall approve a district's request under Section
6 49.004(b-1) to delay the date of an election required under this
7 chapter if the commissioner determines that the district would not
8 have a local revenue level in excess of entitlement if the
9 constitutional amendment proposed by the 86th Legislature, Regular
10 Session, 2019, to increase the amount of the exemption of residence
11 homesteads from ad valorem taxation by a school district were
12 approved by the voters.

13 (b) The commissioner shall set a date by which each district
14 that receives approval under this section must order the election.

15 (c) Not later than the 2020-2021 school year, the
16 commissioner shall order detachment and annexation of property
17 under Subchapter G or consolidation under Subchapter H as necessary
18 to reduce the district's local revenue level to the level
19 established by Section 48.259 for a district that receives approval
20 under this section and subsequently:

21 (1) fails to hold the election; or

22 (2) does not receive voter approval at the election.

23 (d) This section expires September 1, 2021.

24 SECTION 4.015. Subchapter A, Chapter 49, Education Code, as
25 added by this Act, is amended by adding Section 49.0121 to read as
26 follows:

27 Sec. 49.0121. TRANSITIONAL ELECTION DATES. (a) This

1 section applies only to an election under this chapter that occurs
2 during the 2019-2020 school year.

3 (b) Section 49.012 does not apply to a district that
4 receives approval of a request under Section 49.0041. The district
5 shall hold the election on a Tuesday or Saturday on or before a date
6 specified by the commissioner. Section 41.001, Election Code, does
7 not apply to the election.

8 (c) This section expires September 1, 2020.

9 SECTION 4.016. Section 49.154, Education Code, as added by
10 this Act, is amended by adding Subsection (a-1) to read as follows:

11 (a-1) Notwithstanding Subsection (a), a district that
12 receives approval of a request under Section 49.0041 shall pay for
13 credit purchased in equal monthly payments as determined by the
14 commissioner beginning March 15, 2020, and ending August 15, 2020.
15 This subsection expires September 1, 2020.

16 SECTION 4.017. Section 49.308, Education Code, as added by
17 this Act, is amended by adding Subsection (a-1) to read as follows:

18 (a-1) Notwithstanding Subsection (a), for the 2019-2020
19 school year, the commissioner shall order any detachments and
20 annexations of property under this subchapter as soon as
21 practicable after the canvass of the votes on the constitutional
22 amendment proposed by the 86th Legislature, Regular Session, 2019,
23 to increase the amount of the exemption of residence homesteads
24 from ad valorem taxation by a school district. This subsection
25 expires September 1, 2020.

26 SECTION 4.018. Sections 11.13(b) and (n-1), Tax Code, are
27 amended to read as follows:

1 (b) An adult is entitled to exemption from taxation by a
2 school district of \$40,000 [~~\$25,000~~] of the appraised value of the
3 adult's residence homestead, except that only \$5,000 of the
4 exemption applies to an entity operating under former Chapter 17,
5 18, 25, 26, 27, or 28, Education Code, as those chapters existed on
6 May 1, 1995, as permitted by Section 11.301, Education Code.

7 (n-1) The governing body of a school district,
8 municipality, or county that adopted an exemption under Subsection
9 (n) for the 2018 [~~2014~~] tax year may not reduce the amount of or
10 repeal the exemption. This subsection expires December 31, 2023
11 [~~2019~~].

12 SECTION 4.019. Section 11.26(a), Tax Code, is amended to
13 read as follows:

14 (a) The tax officials shall appraise the property to which
15 this section applies and calculate taxes as on other property, but
16 if the tax so calculated exceeds the limitation imposed by this
17 section, the tax imposed is the amount of the tax as limited by this
18 section, except as otherwise provided by this section. A school
19 district may not increase the total annual amount of ad valorem tax
20 it imposes on the residence homestead of an individual 65 years of
21 age or older or on the residence homestead of an individual who is
22 disabled, as defined by Section 11.13, above the amount of the tax
23 it imposed in the first tax year in which the individual qualified
24 that residence homestead for the applicable exemption provided by
25 Section 11.13(c) for an individual who is 65 years of age or older
26 or is disabled. If the individual qualified that residence
27 homestead for the exemption after the beginning of that first year

1 and the residence homestead remains eligible for the same exemption
2 for the next year, and if the school district taxes imposed on the
3 residence homestead in the next year are less than the amount of
4 taxes imposed in that first year, a school district may not
5 subsequently increase the total annual amount of ad valorem taxes
6 it imposes on the residence homestead above the amount it imposed in
7 the year immediately following the first year for which the
8 individual qualified that residence homestead for the same
9 exemption, except as provided by Subsection (b). If the first tax
10 year the individual qualified the residence homestead for the
11 exemption provided by Section 11.13(c) for individuals 65 years of
12 age or older or disabled was a tax year before the 2019 [~~2015~~] tax
13 year, the amount of the limitation provided by this section is the
14 amount of tax the school district imposed for the 2018 [~~2014~~] tax
15 year less an amount equal to the amount determined by multiplying
16 \$15,000 [~~\$10,000~~] times the tax rate of the school district for the
17 2019 [~~2015~~] tax year, plus any 2019 [~~2015~~] tax attributable to
18 improvements made in 2018 [~~2014~~], other than improvements made to
19 comply with governmental regulations or repairs.

20 SECTION 4.020. Section 25.23, Tax Code, is amended by
21 adding Subsection (a-1) to read as follows:

22 (a-1) This subsection applies only to the appraisal records
23 for the 2019 tax year. If the appraisal records submitted to the
24 appraisal review board include the taxable value of residence
25 homesteads or show the amount of the exemption under Section
26 11.13(b) applicable to residence homesteads, the chief appraiser
27 shall prepare supplemental appraisal records that reflect an

1 exemption amount under that subsection of \$40,000. This subsection
2 expires December 31, 2020.

3 SECTION 4.021. Section 26.04, Tax Code, is amended by
4 adding Subsections (a-1) and (c-1) to read as follows:

5 (a-1) On receipt of the appraisal roll for the 2019 tax
6 year, the assessor for a school district shall determine the total
7 taxable value of property taxable by the school district and the
8 taxable value of new property based on a residence homestead
9 exemption under Section 11.13(b) of \$40,000. This subsection
10 expires December 31, 2020.

11 (c-1) An officer or employee designated by the governing
12 body of a school district shall calculate the effective tax rate and
13 the rollback tax rate of the school district for the 2019 tax year
14 based on a residence homestead exemption under Section 11.13(b) of
15 \$40,000. This subsection expires December 31, 2020.

16 SECTION 4.022. Section 26.08, Tax Code, is amended by
17 adding Subsection (q) to read as follows:

18 (q) For purposes of this section, the effective maintenance
19 and operations tax rate and the rollback tax rate of a school
20 district for the 2019 tax year shall be calculated based on a
21 residence homestead exemption under Section 11.13(b) of \$40,000.
22 This subsection expires December 31, 2020.

23 SECTION 4.023. Effective January 1, 2021, Section 26.08(n),
24 Tax Code, is amended to read as follows:

25 (n) For purposes of this section, the rollback tax rate of a
26 school district [~~whose maintenance and operations tax rate for the~~
27 ~~2005 tax year was \$1.50 or less per \$100 of taxable value~~] is the sum

1 of the following:

2 (1) ~~[for the 2006 tax year, the sum of the rate that is~~
3 ~~equal to 88.67 percent of the maintenance and operations tax rate~~
4 ~~adopted by the district for the 2005 tax year, the rate of \$0.04 per~~
5 ~~\$100 of taxable value, and the district's current debt rate; and~~

6 ~~[(2) for the 2007 and subsequent tax years, the lesser~~
7 ~~of the following:~~

8 ~~[(A) the sum of the following:~~

9 ~~[(i)] the rate per \$100 of taxable value~~
10 ~~that is equal to the district's maximum compressed tax rate~~
11 ~~[product of the state compression percentage], as determined under~~
12 ~~Section 48.2551 [42.2516], Education Code, for the current year~~
13 ~~[and \$1.50];~~

14 (2) the greater of:

15 (A) the district's enrichment tax rate for the
16 preceding tax year, less any amount by which the district is
17 required to reduce the district's enrichment tax rate under Section
18 48.202(f), Education Code, in the current tax year; or

19 (B) [(ii)] the rate of \$0.04 per \$100 of taxable
20 value; and

21 (3) [(iii)] the rate that is equal to the sum of the
22 differences for the 2006 and each subsequent tax year between the
23 adopted tax rate of the district for that year if the rate was
24 approved at an election under this section and the rollback tax rate
25 of the district for that year; and

26 [(iv)] the district's current debt rate[

27 ~~or~~

1 ~~[(B) the sum of the following:~~

2 ~~[(i) the effective maintenance and~~
3 ~~operations tax rate of the district as computed under Subsection~~
4 ~~(i) or (k), as applicable,~~

5 ~~[(ii) the rate per \$100 of taxable value~~
6 ~~that is equal to the product of the state compression percentage, as~~
7 ~~determined under Section 42.2516, Education Code, for the current~~
8 ~~year and \$0.06; and~~

9 ~~[(iii) the district's current debt rate].~~

10 SECTION 4.024. Section 26.09, Tax Code, is amended by
11 adding Subsection (c-1) to read as follows:

12 (c-1) The assessor for a school district shall calculate the
13 amount of tax imposed by the school district on a residence
14 homestead for the 2019 tax year based on an exemption under Section
15 11.13(b) of \$25,000 and separately based on an exemption under that
16 subsection of \$40,000. This subsection expires December 31, 2020.

17 SECTION 4.025. Section 26.15, Tax Code, is amended by
18 adding Subsection (h) to read as follows:

19 (h) The assessor for a school district shall correct the tax
20 roll for the school district for the 2019 tax year to reflect the
21 results of the election to approve the constitutional amendment
22 proposed by the 86th Legislature, Regular Session, 2019, to
23 increase the amount of the exemption of residence homesteads from
24 ad valorem taxation by a school district. This subsection expires
25 December 31, 2020.

26 SECTION 4.026. Section 31.01, Tax Code, is amended by
27 adding Subsections (d-2), (d-3), (d-4), and (d-5) to read as

1 follows:

2 (d-2) This subsection and Subsections (d-3) and (d-4) apply
3 only to taxes imposed by a school district on a residence homestead
4 for the 2019 tax year. The assessor for the school district shall
5 compute the amount of taxes imposed and the other information
6 required by this section based on a residence homestead exemption
7 under Section 11.13(b) of \$40,000. The tax bill or the separate
8 statement must indicate that the bill is a provisional tax bill and
9 include a statement in substantially the following form:

10 "If the amount of the exemption from ad valorem taxation by a
11 school district of a residence homestead had not been increased by
12 the Texas Legislature, your tax bill would have been \$_____ (insert
13 amount equal to the sum of the amount calculated under Section
14 26.09(c-1) based on an exemption under Section 11.13(b) of \$25,000
15 and the total amount of taxes imposed by the other taxing units
16 whose taxes are included in the bill). Because of action by the
17 Texas Legislature increasing the amount of the residence homestead
18 exemption, your tax bill has been lowered by \$_____ (insert
19 difference between amount calculated under Section 26.09(c-1)
20 based on an exemption under Section 11.13(b) of \$25,000 and amount
21 calculated under Section 26.09(c-1) based on an exemption under
22 Section 11.13(b) of \$40,000), resulting in a lower tax bill of \$_____
23 (insert amount equal to the sum of the amount calculated under
24 Section 26.09(c-1) based on an exemption under Section 11.13(b) of
25 \$40,000 and the total amount of taxes imposed by the other taxing
26 units whose taxes are included in the bill), contingent on the
27 approval by the voters at an election to be held November 5, 2019,

1 of a constitutional amendment authorizing the residence homestead
2 exemption increase. If the constitutional amendment is not
3 approved by the voters at the election, a supplemental school
4 district tax bill in the amount of \$_____ (insert difference between
5 amount calculated under Section 26.09(c-1) based on an exemption
6 under Section 11.13(b) of \$25,000 and amount calculated under
7 Section 26.09(c-1) based on an exemption under Section 11.13(b) of
8 \$40,000) will be mailed to you."

9 (d-3) A tax bill prepared by the assessor for a school
10 district as provided by Subsection (d-2) and mailed to a person in
11 whose name property subject to an exemption under Section 11.13(b)
12 is listed on the tax roll and to the person's authorized agent as
13 provided by Subsection (a) of this section is considered to be a
14 provisional tax bill until the canvass of the votes on the
15 constitutional amendment proposed by the 86th Legislature, Regular
16 Session, 2019, to increase the amount of the exemption of residence
17 homesteads from ad valorem taxation by a school district. If the
18 constitutional amendment is approved by the voters, the tax bill is
19 considered to be a final tax bill for the taxes imposed on the
20 property for the 2019 tax year, and no additional tax bill is
21 required to be mailed to the person and to the person's authorized
22 agent, unless another provision of this title requires the mailing
23 of a corrected tax bill. If the constitutional amendment is not
24 approved by the voters:

25 (1) a tax bill prepared by the assessor for a school
26 district as provided by Subsection (d-2) and mailed to a person in
27 whose name property subject to an exemption under Section 11.13(b)

1 is listed on the tax roll and to the person's authorized agent as
2 provided by Subsection (a) of this section is considered to be a
3 final tax bill but only as to the portion of the taxes imposed on the
4 property for the 2019 tax year that are included in the bill;

5 (2) the amount of taxes imposed by each school
6 district on a residence homestead for the 2019 tax year is
7 calculated based on an exemption under Section 11.13(b) of \$25,000;
8 and

9 (3) except as provided by Subsections (f), (i-1), and
10 (k), the assessor for each school district shall prepare and mail a
11 supplemental tax bill, by December 1 or as soon thereafter as
12 practicable, to each person in whose name property subject to an
13 exemption under Section 11.13(b) is listed on the tax roll and to
14 the person's authorized agent in an amount equal to the difference
15 between the amount calculated under Section 26.09(c-1) based on an
16 exemption under Section 11.13(b) of \$25,000 and the amount
17 calculated under Section 26.09(c-1) based on an exemption under
18 Section 11.13(b) of \$40,000.

19 (d-4) Except as otherwise provided by Subsection (d-3), the
20 provisions of this section other than Subsection (d-2) apply to a
21 supplemental tax bill mailed under Subsection (d-3).

22 (d-5) This subsection and Subsections (d-2), (d-3), and
23 (d-4) expire December 31, 2020.

24 SECTION 4.027. Section 31.02, Tax Code, is amended by
25 adding Subsection (a-1) to read as follows:

26 (a-1) Except as provided by Subsection (b) of this section
27 and Sections 31.03 and 31.04, taxes for which a supplemental tax

1 bill is mailed under Section 31.01(d-3) are due on receipt of the
2 tax bill and are delinquent if not paid before March 1 of the year
3 following the year in which imposed. This subsection expires
4 December 31, 2020.

5 SECTION 4.028. (a) An assessor or collector for a school
6 district is not liable for civil damages or subject to criminal
7 prosecution for compliance in good faith with Section 31.01, Tax
8 Code, as amended by this article.

9 (b) This section takes effect immediately if this Act
10 receives a vote of two-thirds of all the members of each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for this section to take
13 immediate effect, this section takes effect on the 91st day after
14 the last day of the legislative session.

15 (c) This section expires December 31, 2022.

16 ARTICLE 5. REPEALER

17 SECTION 5.001. (a) The following provisions of the
18 Education Code are repealed:

- 19 (1) Section 7.102(c)(5);
- 20 (2) Section 21.0481;
- 21 (3) Section 21.0482;
- 22 (4) Section 21.0483;
- 23 (5) Section 21.0484;
- 24 (6) Section 21.410;
- 25 (7) Section 21.411;
- 26 (8) Section 21.412;
- 27 (9) Section 21.413;

1 (10) Sections 28.006(d-1), (e), and (i);
2 (11) Section 29.097;
3 (12) Section 29.098;
4 (13) Section 29.165;
5 (14) Section 29.166;
6 (15) Sections 29.203(g)(1) and (3);
7 (16) Section 39.233;
8 (17) Section 39.234;
9 (18) the headings to Chapters 41 and 42;
10 (19) the heading to Subchapter A, Chapter 41;
11 (20) Section 41.002;
12 (21) Section 41.0041;
13 (22) the heading to Subchapter D, Chapter 41;
14 (23) Section 41.0931;
15 (24) Section 41.098;
16 (25) the heading to Subchapter E, Chapter 41;
17 (26) the heading to Subchapter A, Chapter 42;
18 (27) the heading to Section 42.006;
19 (28) Section 42.007;
20 (29) the heading to Subchapter B, Chapter 42;
21 (30) Section 42.102;
22 (31) Section 42.103;
23 (32) Section 42.104;
24 (33) the heading to Subchapter C, Chapter 42;
25 (34) Section 42.1541;
26 (35) Section 42.156;
27 (36) Section 42.160;

1 (37) the heading to Subchapter E, Chapter 42;
2 (38) Section 42.2513;
3 (39) Section 42.2517;
4 (40) Section 42.2518;
5 (41) Section 42.262;
6 (42) the headings to Subchapters F and G, Chapter 42;
7 and
8 (43) Section 42.352.
9 (b) Section 322.008(b), Government Code, is repealed.
10 (c) The following provisions of the Tax Code are repealed:
11 (1) Sections 26.08(o) and (p); and
12 (2) Section 312.210(c).
13 ARTICLE 6. TRANSITION; CONFLICT OF LAW
14 SECTION 6.001. (a) Except as provided by Subsection (b) or
15 (c) of this section, Article 2 of this Act applies beginning with
16 the 2019-2020 school year.
17 (b) Section 28.006, Education Code, as amended by this Act,
18 applies beginning with the 2020-2021 school year.
19 (c) Section 39.0234, as amended by this Act, applies
20 beginning with the 2022-2023 school year.
21 SECTION 6.002. Except as otherwise provided by this Act,
22 Section 26.08, Tax Code, as amended by this Act, applies beginning
23 with the 2019 tax year.
24 SECTION 6.003. Except as otherwise provided by that
25 article, Article 4 of this Act applies beginning with the 2019 tax
26 year.
27 SECTION 6.004. The commissioner of education shall select

1 one campus that received an unacceptable rating for the 2017-2018
2 school year, regardless of the number of consecutive years the
3 campus has received an unacceptable rating, to submit an
4 accelerated campus excellence turnaround plan as provided by
5 Section 39A.105(b), Education Code, as added by this Act, for the
6 2019-2020 school year. The commissioner may adjust timelines
7 established under Chapter 39A, Education Code, for the campus
8 selected by the commissioner under this section for purposes of
9 developing and implementing the accelerated campus excellence
10 turnaround plan. A decision by the commissioner under this section
11 is final and may not be appealed.

12 SECTION 6.005. Notwithstanding any provision of the
13 Education Code, for the 2019 tax year, a school district that took
14 action to comply with publication requirements under Section
15 44.004, Education Code, before the effective date of this Act may
16 amend the district's previously published notices to comply with
17 the changes made to the district's permissible and proposed tax
18 rates as a result of this Act by posting those changes on the
19 district's Internet website. A school district that complied with
20 the law in effect at the time of the district's original publication
21 may hold the district's scheduled public hearing as originally
22 published.

23 SECTION 6.006. Not later than December 1, 2022, the Texas
24 Education Agency shall submit the initial report required under
25 Section 39.0236, Education Code, as added by this Act.

26 SECTION 6.007. To the extent of any conflict, this Act
27 prevails over another Act of the 86th Legislature, Regular Session,

1 2019, regardless of the relative dates of enactment.

2 ARTICLE 7. EFFECTIVE DATE

3 SECTION 7.001. (a) Except as provided by Subsection (b) of
4 this section or as otherwise provided by this Act, this Act takes
5 effect September 1, 2019.

6 (b) Article 2 of this Act takes effect immediately if this
7 Act receives a vote of two-thirds of all the members elected to each
8 house, as provided by Section 39, Article III, Texas Constitution.
9 If this Act does not receive the vote necessary for immediate
10 effect, Article 2 of this Act takes effect September 1, 2019.

11 SECTION 7.002. Section 1.037 of this Act takes effect only
12 if the constitutional amendment proposed by the 86th Legislature,
13 Regular Session, 2019, increasing the amount of the exemption of
14 residence homesteads from ad valorem taxation by a school district
15 is not approved by the voters.

16 SECTION 7.003. (a) Except as provided by Subsection (b) of
17 this section or as otherwise provided by Article 4 of this Act:

18 (1) Article 4 of this Act takes effect on the date on
19 which the constitutional amendment proposed by __.J.R. __, 86th
20 Legislature, Regular Session, 2019, takes effect; and

21 (2) if that amendment is not approved by the voters,
22 Article 4 of this Act has no effect.

23 (b) Sections 25.23(a-1), 26.04(a-1) and (c-1), 26.08(q),
24 26.09(c-1), 26.15(h), 31.01(d-2), (d-3), (d-4), and (d-5), and
25 31.02(a-1), Tax Code, and Sections 49.004(a-1), (b-1), and (c-1),
26 49.0041, 49.0121, 49.154(a-1), and 49.308(a-1), Education Code, as
27 added by this Act, take effect immediately if this Act receives a

1 vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for those sections to have
4 immediate effect, those sections take effect on the 91st day after
5 the last day of the legislative session.